

KATHERINE TOWN COUNCIL



**SUBMISISON TO INQUIRY
INTO COST SHIFTING
ONTO
LOCAL GOVERNMENT**

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PREFACE

On 30 May 2002, The Hon Wilson Tuckey MP Minister for Regional Services, Territories and Local Government announced a major Inquiry into Local Government. The House of Representatives Standing Committee on Economics, Finance and Public Administration has been requested to inquire into, and report upon, cost shifting onto Local Government by State and Territory Governments and the financial position of Local Government.

The Terms of Reference of the Inquiry are: -

1. Local Governments current roles and responsibilities
2. Current funding arrangements for local government, including allocation of funding from other levels of government and utilization of alternative funding sources by local government.
3. The capacity of local government to meet existing obligations and to take on an enhanced role in developing opportunities at a regional level including opportunities for council to work with other councils and pool funding to achieve regional outcomes.
4. Local Government expenditure and the impact on local government's financial capacity as a result of changes in the powers, functions and responsibility's between state and local governments.
5. The scope for achieving a rationalization of roles and responsibilities between the levels of government, better use of resources and better quality services to local communities.
6. The findings of the Commonwealth Grants Commission Review of the Local Government (Financial Assistance) Act 1995 of June 2001, taking into account the views of interested parties as sought by the Committee. The inquiry is to be conducted on the basis that the outcomes will be budget neutral for the Commonwealth.

1. Local Governments current roles and responsibilities

There are approximately 730 local government bodies (LGB's) in Australia and the diversity in size, population and budget of each of these LGB's also reflects the diversity of the roles and responsibilities of local government in Australia.

The recent Draft Report of the Productivity Commissions "Review of Section 2D of the Trade Practices Act 1974 : Local Government Exemptions" (May 2002) states that local governments perform a wide range of functions which can be characterized as:

- Legislative functions, such as making council by-laws or local laws;
- Regulatory functions, including the issuing of licenses and permits, as well as enforcement activities involving building standards, animal control and sanitary standards; and
- The provision of a range of services.

The Draft Report goes on to state that services provided vary widely and may include:

- Engineering services (roads, bridges, footpaths and drainage);
- Community services (aged care, childcare and fire fighting);
- Environmental services (waste management and environmental protection);
- Recreational and tourism services (swimming pools and caravan parks);
- Regulatory services (land use, buildings, etc); and
- Cultural services (libraries, galleries and museums).

One significant service provided by local government not mentioned in the Draft Report is the service of "peace, order and good government" which is generally incorporated by statute in the various Local Government Acts for the States and Territory.

Katherine Town Council (KTC) plays a role and is involved in the delivery of most services listed in the above bullet points however within the Northern Territory KTC and other Northern Territory LGB's play a lesser role in the provision of regulatory services due to land use, planning and building controls resting with the NT Government. This aside, KTC play a regulatory role in parking, signage, traffic management, litter and waste management, animal control, control at sporting venues and public open space and even a role in the control of hawkers and peddlers.

- (1) Listed below is a summary of services that takes account of KTC's current roles and responsibilities.

We provide and maintain:

- Roads, Footpaths, Kerbing, Stormwater
- Traffic Control
- School Zones and Crossings
- Cycle tracks
- Parking bays
- Street lighting
- Car parks
- Street sweeping
- Street tree planting/maintenance
- Litter bins
- Garbage collection
- Public toilets
- War memorials
- Street and park furniture
- Street signage
- Public library (Katherine and Tindal)
- Recreation center
- Swimming pool
- Ovals/reserves, etc
- Parks and gardens
- Playgrounds
- BMX facilities
- Tennis courts
- Basketball courts
- Community halls/centre
- Airport
- Cemetery
- Museums

We conduct:

- Citizenship ceremonies
- Community events (annual Flying Fox Festival)
- Australia Day Celebrations

We administer

- Parking controls
- Litter controls
- Sign controls

- Dog control/registration
- Katherine River Plan of Management

We advise on:

- Pool and water hygiene
- Pest eradication
- Fire regulations
- Planning controls
- Building controls

We assist:

- Fire and Emergency Services
- Child Care
- Sporting Clubs, etc.
- Katherine Region Tourist Association
- History and Heritage
- Nursing Home
- Community Groups
- Show Society

The above list may not be exhaustive but it does demonstrate the breadth of our roles and responsibilities.

2. Current funding arrangements for local government, including allocation of funding from other levels of government and utilization of alternative funding sources by local government.

The most likely cause of friction between the layers of government in Australia will be arguments over funding.

Concluding their review of developments in local government finance in the United Kingdom in the years up to the time of the Poll Tax, Butler, Adonis and Travers expressed the view that “for local government to be worth the name.....it must be an alternative focus of power.....with substantial autonomy, buttressed by an independent tax base sufficient to meet a large part of its spending needs”. (*David Butler, Andrew Adonis and Tony Travers, Failure in British Government: the Politics of the Poll Tax, Oxford, 1994, page 305*).

Almost a decade on and on the other side of the globe, that same view holds true for local government in Australia.

From a KTC viewpoint, our local authority is failing in certain areas to provide the range and quality of service expected by local people.

Delivering better public services and devolving power from other layers of government, in conjunction with appropriate levels of funding, are at the heart of fundamental reforms needed to make local government in this country truly responsive to local people. Unfortunately, the present system of local government finance does not provide the clarity and accountability that are required if local people are to hold their councils to account. Without a revised system that allows voters to see what they are paying for local services and allows councils greater power to provide the services demanded by their electorates, the benefits of localized decision making will not be felt and improved services will not be provided.

In Australia, local government expenditure outstrips local government revenue. In 2001 the National Office of Local Government reported that for the 1998-99 financial year total local government expenditure was in excess of \$13 billion whereas total local government revenue was in the order of \$10 billion.

This is no different in the rest of the developed world where in no country in the Organization for Economic Co-operation and Development (OECD), comprising the 20 most developed countries in the world, do local government revenues match expenditure. (Local Government Grant Distribution, A Comparative International Study, PWC,1999).

In the same study the World Bank recommends that developing countries use property and income taxes (in that order of preference) to fund local government. These are also the two local taxes employed with the greatest frequency in OECD countries. Local government in Finland, the OECD member with the most fiscally autonomous local government, levies a local income tax, a local property tax (rates) and also takes a slice of the nationally levied income tax.

It has been said many times before that local government is the level of government which is the most immediate to people's lives and which has the most potential to effect change that they will notice on a day to day level.

However, the gap between local government revenue and expenditure means that locally elected councils have less and less power to effect change at the local level. Council's can only be held to account to provide the services, which local peoples want through the ballot box. When, as now, local elections do not provide the mechanism for electors to hold their council to account because the council has limited scope to change its level of funding to meet public demands, the delivery of quality services becomes less likely.

Any reform of the current funding arrangements for local government needs to be underpinned by the following principles:

- We need to increase the accountability of local government to its local communities;
- Local government should be more transparent and easily understandable, and;
- Local people should be empowered to make more of the decisions affecting their community at the local ballot box and local councils allowed the freedom to exercise the will of their electors.

This would maximize the accountability of local government to the electorate and ensure that voters could make a more informed and responsible choice between candidates and policies at local elections, for the electorate would bear the costs for the programs they voted for. On the other hand, Local Authorities would not be able to blame their failure to provide services on the level of government grants outside their control.

In devising an improved system there are other objectives that we cannot afford to lose sight of. First, any revised system must be fair to all including local government areas at both ends of the socio-economic scale, with any transfer between areas or layers of government being made on an equitable basis. Secondly, any reform or improvement to the current system must be done with minimal disruption or inconvenience.

To make local government more accountable effectively translates to mean that in practice, every 'body', which spends revenue, should also raise it. To create accountable local government, therefore, Local Authorities should be, as far as possible, self-financing.

In order to make local government truly responsive to local people and to provide self-financing of local government the following reforms could be considered:

- Local government should raise a far higher proportion of its costs through a direct share in income tax raised by the Federal Government.
- A direct share in income tax raised supplemented by rates should assist councils to become self-financing. The national rate of income tax would remain unchanged, councils would only take a direct share based on taxable income within its area, leaving the overall tax burden unaltered by any changes.
- The Federal Assistance Grants would remain in place to make up the funding shortfall of less affluent Local Authority areas would otherwise suffer as the result of a move towards greater self-financing. However, the level of Federal Assistance Grants would be greatly reduced with a corresponding transfer of other tax revenues to local government.
- Local government should deal direct with the Commonwealth Government on issues of funding allocations thus eliminating the “middle man” to achieve greater efficiencies in the funding process.

3. The capacity of local government to meet existing obligations and to take on an enhanced role in developing opportunities at a regional level including opportunities for council to work with other councils and pool funding to achieve regional outcomes.

As stated earlier, KTC struggles to meet its obligations and the expectations of its Community due to shortfalls in funding programs and projects.

For the 2001/2002 financial year KTC's revenue breakdown consisted of:

- Rates (including garbage) 48%
- Grants 32%
- Fees & Charges (user pays) 14%
- Other 6%

The pattern of our expenditure has changed over the last 20 odd years with the emphasis moving away from transport and communication more toward "people services" such as recreation and culture, environmental, art and culture and heritage.

Of course, within the Northern Territory the situation is quite unique due to the large amounts of unincorporated land. Communities of interest also play a vital role in the reform agenda for local government. KTC's closest municipal neighbor is about 300 km to the north or 700 km to the south making it difficult for Council to pursue opportunities to work with other council's of like interest and pool funding to achieve regional outcomes. Having said that, KTC does not believe it impossible to achieve regional opportunities with council's of like interest, only more difficult.

Attached at Appendix 1 is KTC's submission to the NT Minister for Local Government on our General Purpose Grant allocation for 2002/2003. In our submission we point out our reliance on maintaining the level of our GP Grant and on the anomalies in the per capita GP Grant for similar categorized (URS) council's in Australia. As stated in that submission, my council fails to see the logic in a methodology that allows such an inequity in funding allocations.

If we are to restore the independence of local government and thus true local democracy, the methods used to finance local government should be truly objective. When local needs are evaluated by Grants Commissions to determine the amount of Federal Support that relevant local council's will receive, purely objective, economic criteria should be used. Incorporating criteria associated with following State/Territory Government plans erodes the independence of local government and creates the potential for political bias to creep into the calculation of subsidy for each area.

Any formula for Federal Support of local councils should be fixed for a longer period than the current 12 months. This would enable councils to know how much they were due to receive or pay several years in advance so that they could budget strategically. Roads to Recovery funding is an example of this with Councils knowing their funding entitlements for four (4) years.

KTC'S capacity to meet existing obligations is somewhat clouded by the various budget timetables adopted by the different layers of government.

For example, local government in the Northern Territory is required to adopt its budget estimates of income and expenditure by the end of July each year. The Commonwealth Government hands down its budget in May yet the Northern Territory Government delivers its budget in August each year.

Should KTC deal direct with the Commonwealth Government then a fair amount of certainty exists for KTC to deliver an accurate budget. As we currently stand, our allocation from the NT Grants Commission for both the General Purpose and Road Grant is still not finalized, yet such allocations represent in excess of 30% of our revenue estimates.

4. **Local Government expenditure and the impact on local government's financial capacity as a result of changes in the powers, functions and responsibility's between state and local Governments**

The following overview of the Katherine Region economy comes from a document prepared by the Northern Territory Government's Department of Industries and Business.

Katherine is a modern, self-contained community and it continues to experience a strong population growth. Katherine Region has grown by more than 60 percent since 1998. This is attributed to the establishment of RAAF Base Tindal and the ongoing development of several industries such as Tourism, Pastoral, Horticulture, Mining, Defense Services, Construction, Retail, Community and Government Services. Most if not all of the industries continue to demonstrate strong growth patterns and consequently there are excellent opportunities for investment, expansion and career development.

Katherine Township has all the amenities of any modern town. Shopping Centre, airport, hospital, cinema, restaurants, library, retail outlets, public pool, large recreational areas, parks etc. Katherine is unique in that the range of infrastructure, services and facilities that it provides are in excess of most towns of a similar size. This is due to Katherine being the service centre for another population almost the size of the Town it self. This additional population are in communities and townships that are spread throughout the region.

Katherine is a major road junction, west to the Kimberley, north to Kakadu and Darwin and south to Alice Springs, South Australia and Queensland.

The Katherine Region consists of 336,674 square kilometers which is approximately 25% of the Northern Territory.

As mentioned above, Katherine (Town) is unique because of the extra services and facilities we provide to serve the region as a whole. KTC believes this fact is overlooked when grant funding is handed out and Council often finds itself in a position of having to fund new initiatives on its own. Katherine is constantly reading about funding hand-outs to other centres in the NT for improved infrastructure or services and KTC has not had a major grant for Sport and Recreation funding for 5 years.

Once again, because of our unique position and the range of services expected by the Katherine Region Community, KTC struggles to meet this expected demand because our expenditure requirements outstrip our revenue raising ability.

It was mentioned under Terms of Reference (3) that the pattern of our (and local government generally) expenditure has changed with a move away from transport and communication to "people services". While this change has been subtle over the years it is nevertheless moving away from the core services that local government has traditionally provided. At the same time local government is expected to meet this increased demand but with little apparent funding increase from the other levels of government.

From KTC's viewpoint, the following points highlight the additional financial burdens placed on us from the Territory and Commonwealth Governments:-

- Airport – a community lifeline and regional facility yet funded by KTC and user charges.
- Dealing with anti-social behavior and public safety
- Local government By-Elections – as a result of changes to NT legislation
- Increased financial reporting
- Environmental legislation dealing with waste and weed management
- Library operations
- Withdrawn funding or seed funding only provided initially for start-up programs or services then leaving KTC to face the public pressure when program or service is discontinued, e.g. environmental grants or sport and recreation grants.
- Capital grants provided for buildings yet no on-going funding for maintenance of the asset, e.g. Katherine Region Tourist Association building and YMCA building.
- Financial contribution to achieving improved mobile phone coverage in the Katherine Region. This burden is only placed on Rural and Remote communities and is unfair.

This list is by no means exhaustive but due to time constraints in meeting the submission deadline KTC will further rely on the submission by LGANT to highlight cost shifting onto local government.

5. The scope for achieving a rationalization of roles and responsibilities between the levels of government, better use of resources and better quality services to local communities

KTC believes there is scope to achieve a rationalisation of roles across the levels of government and within local government itself. However, given the fact that local government boundaries only cover about 1% of the landmass in the Northern Territory and that nearly 80% of the Territory's population resides within the areas administered by municipal councils the latter objection will prove difficult to achieve.

Should local government boundaries be extended to cover more of the land mass and those local government bodies provided with long term funding to meet increasing demand on its limited resources, rationalisation of services is achievable.

Services that may be enhanced include:-

- Community policing
- Greater involvement in Main Street (National Highway One) through Town Centre.
- Community and Environmental Health
- Community sporting and recreation facilities as a lot of these facilities are duplicated through schools and not available for public use after hours or on weekends.
- Planning and Building controls.
- Workforce Training
- Customer Service through increased cooperation.
- Resource Sharing – human and physical.

6. The findings of the Commonwealth Grants Commission Review of the Local Government (Financial Assistance) Act 1995 of June 2001, taking into account the views of interested parties as sought by the Committee. The inquiry is to be conducted on the basis that the outcomes will be budget neutral for the Commonwealth

KTC's position in relation to the review is that it does not support the current distribution of Federal Assistance Grants to local government through another level of Government. Local government is a legitimate level of government and there should be no reason why Federal and Local governments should not deal direct in funding allocations. KTC points to Roads to Recovery funding as an example of how this arrangement can work.

Further, the current methodologies of distribution used by the various State/Territory Grants Commissions highlights the inequities in the system and further evidence of this is provided and further explained in our letter attached in the Appendices.

Council supports improved access to an equitable share of the taxation revenue through an amended approach to the current per capita formula so that we can meet our dual role of accountability and growing partners in a Federal/State/Territory system.

Consideration of where the Gross National Product of this country is produced should have some bearing on how Federal assistance is reinvested to keep the wheels turning.

CONCLUSION

KTC believes that by increasing the extent to which LGB's are self-financing would increase the accountability of local council's to the electorate. Further, giving LGB's greater freedom from Federal/State/Territory control would allow them to develop distinct local approaches to issues and assist in the rationalisation of roles and responsibilities.

As statutory authorities councils have few opportunities to resist government requirements to undertake additional roles and responsibilities at the Council's expense. It has come time for the Federal and Territory Governments to realize this and consider properly funding their policies that they expect local governments to deliver.

In March of this year the NT Government was quick to announce the recognition by the Commonwealth Grants Commission of the Territory's special needs in providing an additional \$73.3 million to the Territory for the 2002/03 financial year. Council wonders what percentage of this additional funding will find its way through to local government; very little we suspect. Another reason why Federal Government should deal direct with Local Government.

This submission has been prepared within the time and resource limitations provided to us. Council respectfully requests that it be given the opportunity to provide further documentation or evidence (written or verbal) in support of this submission to the House of Representatives Standing Committee conducting the inquiry.

Councils contact details are:-

Terry Buss Chief Executive Officer
Telephone 08 89721322 or Fax 08 89710355

Appendices attached as Word Documents

- Correspondence to Chief Minister – Power & Water – Rates
- Correspondence to Minister Ah Kit – 2002-02 General Purpose Grant
- Appendix A
- Appendix B

Our ref : 300/1/3

17 July 2002

The Hon Clare Martin MLA
Chief Minister
GPO Box 3146
DARWIN NT 0801

Dear Chief Minister

RE: PowerWater - Rates

Katherine Town Council's Chief Executive Officer, Mr Terry Buss raised the questions of PowerWater being responsible for paying rates on land owned by PowerWater at the LGANT General Meeting in Darwin in June 2002.

Section 58(2)(a) of the Northern Territory Local Government Act distinguishes between Crown land used for commercial or industrial undertakings of the Territory and other Crown Land. Two business enterprises that are rateable under the Northern Territory Local Government Act are the NT Tourist Commission and the Territory Insurance Office.

Two Territory Government business enterprises enjoy rate exemption under the Northern Territory Local Government Act. They are the Power and Water Authority and the Darwin Port Authority.

Section 19(1) of the Northern Territory Power and Water Corporation Act also exempts the Authority from local government rates.

The above provisions in the Northern Territory Local Government Act and the Northern Territory Power and Water Corporation Act contradict, in my Council's opinion, the principles of National Competition Policy.

The preamble to the Competition Principles Agreement (which was entered into in April 1995 by the Commonwealth, States and Territories and signed for and on behalf of those parties by the Prime Minister, Premiers and Chief Ministers) states:

"...whereas the Parties intend and maintain consistent and complementary competition laws and policies which will apply to all businesses in Australia regardless of ownership the [parties] agree to the matters set out in the agreement."

National Competition Policy includes :

- Competitive neutrality reforms i.e. removing any advantages or disadvantages that government business enterprises have over their private sector competitors due to government ownership;
- removing anticompetitive restrictions in legislation.

Having due consideration for these issues, my Council would be pleased to receive your response on this important matter considering the Power and Water Corporation Act came into force on 1 July 2002 and my Council is due to make its rates declaration for the 2002/2003 financial year.

Yours faithfully

James B Forscutt
MAYOR

Our ref : File : 160/6/1 TB/jn

21 August, 2002

Mr John Ah Kit MLA
Minister for Local Government
GPO Box 3146
DARWIN NT 0801

Dear Minister

RE: 2002-03 GENERAL PURPOSE GRANT

Thank you for taking the time to meet with me on 19 June 2002, to discuss our estimated entitlement under the 2002-03 General Purpose Grant.

As you are aware, the General Purpose Grant is a major source of our revenue stream and any reduction in its allocation has a resultant affect on our ability to provide core services and programs to the Katherine community. Given that Katherine is still rebounding from the devastating 1998 Australia Day Floods, external funding allocations take on significant importance that is often overlooked by people from outside of Katherine.

Council's budget cycle commences in March of each year and with the release of the Federal Governments 2002/03 budget in mid May 2002 and in particular the announcement that the total Federal Assistance Grant (FAG) was to increase by 3.6% for the Northern Territory, Council made certain assumptions in line with this and budgeted accordingly. In his media release announcing the FAG allocations for each State/Territory, Minister Tuckey said:

“ The Federal Government is aware of the importance of these Financial Assistance grants to Council's, particularly Council's in rural and regional Australia”.

During the public hearing in Katherine on 29 April 2002, of the NT Grants Commission to which Council made a verbal and written submission, it was pointed out to us that the NT Grants Commission believed that our Annual Return showing the percentage of the population of Aboriginal or Torres Strait Islander decent was low. Our Annual Return indicated a figure of 16% whereas it was thought to be in the order of 25% based on Territory Health and other type statistics. An amended return that could be justified showing this type of percentage figure should prove advantageous to Council in terms of its FAG allocation based on the Commission methodologies.

Considering both these factors, that is, the announced Federal Government FAG increase and the advice from the NT Grants Commission, Council was comfortable and felt confident that its budgeted increase of General Purpose Grant (and Local Road Grant) was achievable.

Our General Purpose Grant budgeting was as follows:-

<i>2001/02</i>	<i>2002/03</i>	<i>Represents Increase</i>
\$547,295	\$566,998	3.6% or \$19,703

You can imagine our disbelief with the release of the General Purpose Grant Estimate entitlements advising our 2002/03 allocation to be \$520,657. This represents \$46,341 less than we budgeted for or in real terms, a 4.9% decrease change from the previous year. That, coupled with the 3.6% Federal increase represents an 8.5% decrease in our expected allocation.

Attached at Appendix A is Katherine Town Council's analysis of the General Purpose Grant estimations showing the increase/decrease for each Council in the Northern Territory. This clearly shows the shift in grant funding toward certain NT Council's and while the Grants Commission has been careful to limit the average percentage decrease to around 4.9% for those Council's who will receive less in 2002/03, the 29 Council's receiving an increase averaging 27.1% with the highest at 97.12% leaves my Council a little mystified.

This view is further highlighted in my attachment at Appendix B which analysis's the per capita General Purpose Grant in the Northern Territory. In our submission to the NT Grants Commission in April we pointed out that Katherine Town Council did not even receive the national average per capita grant. In the 2000/01 year the national average per capita General Purpose Grant was \$48.29 whereas Katherine Town Council received \$44.02. The 2000/01 report on the operation of the Local Government (Financial Assistance) Act 1995 highlights the diversity of LGB's around Australia and in particular their fiscal position. What is clear is that a similarly classified Urban Regional Small (URS) Council in Queensland or NSW, is significantly better off on a GP Grant per capita basis as much as ten fold. URS Council's in Queensland or NSW have a GP Grant per capita of \$400 odd dollars and as stated earlier, my Council did not even receive the national average of \$48.29 in the 2000/01 financial year.

Given that the Federal Government has increased its Financial Assistance Grants to the States and Territories by 7.2% since 2000/01, it could reasonably be expected that Katherine's allocation would be similar. Based on this the national average per capita General Purpose Grant has moved to \$51.83 for 2002/03, with Katherine's figure at \$45.68. Katherine Town Council was receiving \$4.27 less than the national average in 2000/01, that gap is to be \$6.15 in 2002/03 under the NT Grants Commission allocation. This gap is widening and unacceptable to my Council.

This gap becomes further apparent when you examine the URS Council Australia per capita averages. Information we have obtained is that the Australian per capita allocation for URS Council's is \$82.62 and when you exclude the Northern Territory Council's in that category (Jabiru, Tennant Creek, Katherine, Alice Springs) the average for the other 91 URS Councils in Australia is \$84.31. Should Katherine Town Council be located other than in the Northern Territory its 2002/03 General Purpose allocation would be approximately \$445,000 more than what we are told we will be getting. This scenario is not possible but it further demonstrates the inequity of Local Government Financial Assistance Grants and how they are distributed both at the National and State/Territory level.

Appendix B also separates the NT General Purpose Grant distribution between Municipal and Community Council's. The six (6) main Municipal Councils will receive

on average a General Purpose Grant per capita of \$30.13 in 2002/03. The remaining NT Council's will receive on average \$131.03 per capita. What this means in real terms is that approximately 80% of the Northern Territory Population living in those six (6) centres will receive \$30.13 each in Federal Assistance and the remaining 20% of the NT population will receive \$131.03 in Federal Assistance. My Council fails to see the logic in a methodology that allows such an inequity in funding allocation.

Minister, in your statement to the House of Assembly in March this year you stated:

“The simple fact is that it is almost impossible to find a functional Aboriginal community anywhere in the Northern Territory”.

Not that long ago the Federal Government flirted with the idea of linking Local Government financial assistance payment to Council efficiency measures. There were however, a number of objections to this proposal. Including the difficulty of developing robust indicators of efficiency. It was also suggested that efficiency payments could raise equity concerns. Communities operating inefficiently would be doubly penalised: not only would they have less efficient Council services, but they would also miss out on the efficiency rewards. While it might be argued we get the Local Council's we deserve, it is not clear that the incentive effects of an efficiency reward system would outweigh those methodological and equity concerns.

Indeed, your approach to Local Government Reform in the NT is not based around forced amalgamations as you stated was the agenda of the previous government in a speech you made to LGANT in February this year. However, an analysis of the 2002/03 General Purpose Grants leads one to ponder whether you are pursuing the reform agenda through FAG allocations. A clear transfer of funds is occurring away from Municipal Council's and small Community Government and Association Council's to larger Community Government Council's.

Minister, you are no doubt aware of my Council's disappointment with this latest release of information from the NT Grants Commission. My Elected Members will have to carefully consider the options that they need to pursue if they are to have the financial resources required to play their dual roles of local accountability and growing partners in a Federal/State/Territory System. Marginal gains in user-charges, rates, fees or fines, will probably not be sufficient to match this expanding role. The Federal Minister's recent announcement of an Inquiry into Cost Shifting onto Local Government may lead to a better funding arrangement for us than exists under the present NT Grants Commission system.

My Council has attempted to maximise its external grant funding allocations by employing a part time (0.5 FTE) person to co-ordinate and submit funding applications. Katherine appears to continually miss out on funding handouts at both National and Territory level and we are determined to turn this around. Thank you once again for considering this important issue for Council and I look forward to your considered response.

Without prejudice

James B Forscutt
MAYOR OF KATHERINE

c.c. The Hon Wilson Tuckey MP
Dr Richard Lim MLA
Mike Reed

Federal Minister for Local Government
Shadow Minister for Local Government
Member for Katherine

GENERAL PURPOSE FINANCIAL ASSISTANCE GRANTS					
Name	2001/2002	Estimated 2002/2003	Difference	% Increase	% Decrease
	\$	\$	\$		
Aherrenge	74,743	71,063	-3,680		4.92%
Ali Curung	60,638	57,662	-2,976		4.91%
Alice Springs	1,150,465	1,095,400	-55,065		4.79%
Alpurrurulam	63,865	70,294	6,429	10.07%	
Amoonguna	37,069	35,237	-1,832		4.94%
Angurugu	76,684	107,973	31,289	40.80%	
Anmatjere	149,404	198,924	49,520	33.15%	
Aputula	47,257	44,911	-2,346		4.96%
Areyonga	50,492	47,991	-2,501		4.95%
Arltarpilta	54,787	52,064	-2,723		4.97%
Barunga/Manyallaluk	72,784	72,288	-496		0.68%
Belyuen	37,653	35,781	-1,872		4.97%
Binjari	34,909	33,174	-1,735		4.97%
Borrooloola	58,071	95,566	37,495	64.57%	
Coomlie	81,385	134,457	53,072	65.21%	
Cox Peninsula	12,962	17,910	4,948	38.17%	
Daguragu/Kalkaringi	77,762	100,496	22,734	29.24%	
Darwin	1,373,960	1,305,667	-68,293		4.97%
Elliott	53,308	63,255	9,947	18.66%	
Galiwinki	175,728	208,135	32,407	18.44%	
Gapuwiyak	112,100	140,689	28,589	25.50%	
Gulin Gulin/Weemol	69,199	65,886	-3,313		4.79%
Ikuntji	63,215	60,074	-3,141		4.97%
Imanpa	45,203	42,956	-2,247		4.97%
Jabiru	94,969	90,248	-4,721		4.97%
Jilkminggan	41,070	39,061	-2,009		4.89%
Kalkukatjara	71,953	68,377	-3,576		4.97%
Kardu Numida	279,721	294,811	15,090	5.39%	
Katherine	547,295	520,657	-26,638		4.87%
Kunbarllanjnja	148,670	202,424	53,754	36.16%	
Lajamanu	96,513	116,335	19,822	20.54%	
Litchfield	755,012	772,250	17,238	2.28%	
Ltyentyre Purte	59,528	69,257	9,729	16.34%	
Maningrida	181,440	200,263	18,823	10.37%	
Margarr	34,672	32,950	-1,722		4.97%
Mataranka	21,199	26,419	5,220	24.62%	
Milingimbi	85,076	105,437	20,361	23.93%	
Milyakburra	63,092	60,461	-2,631		4.17%
Minilang	53,540	50,880	-2,660		4.97%
Naiyu Nambiyu	56,294	65,479	9,185	16.32%	
Nganmarriyanga	62,712	59,638	-3,074		4.90%

Ntaria	66,760	73,324	6,564	9.83%	
Numbulwar	121,735	149,301	27,566	22.64%	
Nyirripi	72,744	69,179	-3,565		4.90%
Palmerston	821,083	780,719	-40,364		4.92%
Papunya	58,112	55,225	-2,887		4.97%
Peppimenarti	84,247	80,735	-3,512		4.17%
Pine Creek	27,300	38,487	11,187	40.98%	
Ramingining	100,328	95,341	-4,987		4.97%
Tapatjatjaka	40,717	38,699	-2,018		4.96%
Tennant Creek	327,474	311,567	-15,907		4.86%
Timber Creek	46,029	46,220	191	0.41%	
Tiwi Island Council	263,565	366,411	102,846	39.02%	
Umbakumba	72,533	72,429	-104		0.14%
Urapuntja	113,563	132,351	18,788	16.54%	
Walagneri Ngumpinku	74,127	70,505	-3,622		4.89%
Wallace Rockhole	38,532	36,617	-1,915		4.97%
Walungurru	82,321	78,228	-4,093		4.97%
Warruwi	67,587	64,274	-3,313		4.90%
Watiyawanu	49,033	46,988	-2,045		4.17%
Wugularr	47,900	50,344	2,444	5.10%	
Yirrkala	69,678	91,513	21,835	31.34%	
Yuelamu	55,118	52,820	-2,298		4.17%
Yuendumu	117,574	231,766	114,192	97.12%	
Yugal Mangi	196,208	243,079	46,871	23.89%	
Total	9,700,667	10,208,922	508,255	5.20%	
Willowra	65,530				
	9,766,197				

Appendix B

GENERAL PURPOSE FINANCIAL ASSISTANCE GRANTS

NT FAG Distribution	01/02 \$9,766,197	02/03 \$10,208,922	+5.2%
Katherine Town Council Decrease	01/02 to 02/03		-4.9%
	Net Loss		-10.1%

Per Capita GP Grant \$48.29 National Average in 00/01

	00/01	01/02	02/03
Katherine	\$44.02	\$48.01	\$45.68
Binjari	\$144.04	\$136.90	\$130.09
Cox Peninsula	\$54.40	\$51.44	\$71.07
Elliot	\$58.64	\$85.02	\$100.89
Daguragu	\$99.48	\$108.61	\$140.36
Borrooloola	\$60.39	\$65.18	\$107.26
Lajamanu	\$92.07	\$87.50	\$105.47
Galiwinku	\$114.92	\$109.22	\$129.36
Maningrida	\$95.04	\$90.31	\$99.68
Yuendumu	\$115.67	\$109.88	\$216.60
Kunbarllanjnja	\$149.61	\$142.13	\$193.52

NT GP Grant (MUNICIPAL) DISTRIBUTION	
Darwin	
Alice Spring	
Palmerston	\$4,786,260 = \$30.13 per capita (average)
Litchfield	
Katherine	
Tennant Creek	
NT FAG (Community) Distribution	