

# New Local Government

## QUESTIONS AND ANSWERS



# Questions and Answers

## Overview

The Northern Territory Government has announced a far-reaching structural reform program for local government in regional areas.

The key decisions made by the Territory Government are:

- The *Local Government Act* will provide a framework for local government based on a system of existing municipal councils and new shire councils.
- A set of Indicative Local Government Boundaries has been established and will provide the framework for the reform process.
- A Local Government Advisory Board provided advice directly to the Minister for Local Government on the implementation of the reform process. The Board included an independent chair and representatives from regional areas, the local government sector and industry stakeholders.
- The target date for implementation of the new framework is 1 July 2008.

The Department of Local Government, Housing and Sport has developed this package of Questions and Answers to assist people, particularly those living in regional areas, to understand the reform program.

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# Why reform?

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## 1. What's wrong with local government system we have now?

While the committed work of many elected members and staff is acknowledged, the current local government system has not worked well for many rural and remote communities and is unsustainable in its present form. The financial and administrative complexities of modern local government have been too difficult to manage for many small councils and this has impacted on standards of governance and service delivery.

There are basic structural problems with each small community, most with populations of less than 1000, having separate council administrations. The existing small councils spend a large proportion of their funds on administration rather than service delivery to the community. They have limited capacity to raise revenue and develop infrastructure. They are finding it increasingly difficult to attract and retain qualified staff.

The new shire councils will enable a regional approach to service delivery that will improve capacity and provide better opportunities for local people.

## 2. What are the key principles underpinning the reform process?

The key principles are:

- A focus on delivering a fair standard of local government services to all communities.
- Integrated planning between the three levels of government to ensure the delivery of better services in the bush.
- Consultation across all communities throughout the transition and implementation process, allowing for flexibility.
- Existing municipals and new shires working together and sharing resources through regional agreements.
- An ongoing, cooperative partnership between the Northern Territory Government, the Australian Government and the local government sector to ensure a seamless transition to the new arrangements.

## What are the new arrangements?

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### 3. Has a decision been made about the number of councils?

Yes. The Government has identified a set of shire boundaries that maintains four existing municipal councils (Darwin, Palmerston, Katherine and Alice Springs) and creates eight new shire councils, incorporating nearly all of the Territory.

The decision on the size and location of the new shire councils has been based on:

- research into local government reform processes in other jurisdictions over the past three decades;
- the current successes and past failures of local government in the Northern Territory;
- the unique circumstances of local government in the Northern Territory including Indigenous settlement patterns.
- extensive financial, service delivery, infrastructure and demographic data collection;
- application of 'sustainability factors' developed from local government research in Australia and overseas.

The 'Indicative New Local Government Boundaries' were announced by the Minister for Local Government on 30 January 2007.

A map showing these indicative boundaries is available at [www.localgovernment.nt.gov.au](http://www.localgovernment.nt.gov.au)

### 4. How many elected members will there be in the new shires?

The number of members to be elected to a council will be determined by relevant provisions in the *Local Government Act*. It is proposed that no more than twelve members be elected to a shire council. Each community within a shire council will be assured of representation through a system of ward electorates and local boards.

### 5. What are wards and local boards?

Each new shire will be divided into **wards** based on geographic areas and population centres. Each ward will elect local representatives to the shire council. The local ward councillor will represent the people living within the area of the ward, advocate

local issues on the shire council and keep local residents informed about all the important decisions and activities of the council.

In addition, a local community will be able to request its shire council to establish a **local board** for its local area.

The local board will be given delegations to perform certain functions on behalf of the shire. Local boards will not be tied down with red tape. They will be made up of local community members who want to help make communities stronger, healthier and safer. The shire council will provide staff and development support for local boards.

The relationship between local boards and the shire council, including the process for the initial establishment of local boards, is set out in the *Local Government Act*.

## **6. What will the new organisational structures look like?**

The organisational structures for the new shires will be similar to local government in the existing Territory municipal councils and regional shire councils in other parts of Australia. There will be elected members to develop the direction and policies of each council and a chief executive and staff to implement the policies and deliver the services. The shire councils will be governed by the *Local Government Act* and *Regulations*.

## **7. What will happen to existing councils?**

The current Community Government Councils and 'Association Councils' will be replaced by the new shire councils. The Community Government Councils will be dissolved by legislation. Associations that currently have local government status will no longer be recognised as local government bodies and will no longer receive local government funding.

## **8. What will happen to traditional decision-making structures?**

The new shire councils will operate on a democratic basis, similar to local government in the rest of Australia. However, the new shires will not replace traditional decision-making structures, which have existed for thousands of years, or make them any less important.

It will be vital for the new shires to consult with elders and traditional owners on certain local government matters. This will show proper respect and achieve a valuable exchange of information and ideas. This consultation may occur through the land councils, local boards and local ward councillors.

## What are the benefits?

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### 9. How will communities that currently have a small council benefit?

Local communities will benefit in many ways.

There will be less financial and administrative red tape at the community level. Local people will be able to focus on local services and local community issues.

As a result, there will be more real jobs for local people in the local community, as well as jobs in regional programs such as housing construction and maintenance, road construction and maintenance and environmental protection and management. These types of programs will provide work throughout the year. Each shire will develop an indigenous training and employment strategy to ensure these opportunities are maximised.

Local communities will benefit from Local Service Delivery Plans that will commit shire councils to providing an agreed level of local government services to every community, large and small.

Local enterprises will have the opportunity to win contracts from the shires, including through special tender and procurement arrangements, to carry out the work that needs to be done in the community and build local wealth.

Local communities will also benefit from having experienced professional staff and dedicated elected members at the regional level, who will ensure that all available government and non-government funding sources are accessed for the benefit of communities within the region.

### 10. How will those currently in unincorporated areas benefit?

The benefits to landowners previously in unincorporated areas will vary from shire to shire.

The most obvious benefits are access to local government social services, community facilities and infrastructure programs. Over time, the new shires will deliver a full range of services to all parts of their geographic area.

In addition, the new shire will provide residents with a strong and legitimate representative body through which to lobby both the Australian and Northern Territory Governments regarding local and regional service delivery.

The shire will also be a vehicle through which partnership agreements can be reached for improved local and regional facilities and services. The new shire will be received more readily as a representative body by external parties than single issue groups or small communities on their own.

Over time, the new shires will become responsible for a network of local roads and will have full access to local government road funding. The shire councils and the

Northern Territory Government will work together on funding opportunities for roads and road maintenance regimes.

There will also be a key role for shires in identifying and supporting opportunities for local and regional enterprise development. An example of this could be the promotion of tourism within the region – leading to services such as accommodation, stores, eateries and recreational activities. Local contractors can also expect opportunities to win contracts and deliver services on behalf of the new shires.

## **How will the new shires be funded to deliver services?**

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### **11. Will current funding be sufficient to sustain a new shire?**

There will be more funding available to shires than is currently available to existing small councils because of their greater capacity to access funding provided through Northern Territory and Australian Government programs..

Also, the new shires will deliver more services with the money they receive because fewer resources will be spent on administration than is currently the case with small community councils.

In addition, local government funding will be more evenly distributed across and within communities.

Stable local government administrations and qualified managers will ensure service delivery standards are maintained and money is spent with greater accountability.

The new structures will facilitate the ability to do more with current funding through the achievement of greater efficiencies, economies of scale and resource sharing. There will also be the ability to employ professional staff when this has not been possible previously.

### **12. Will bigger communities take funding from smaller communities?**

No. The new shires are being established to provide better services across all communities in the regions. The shires will govern for all and not for those who may be the strongest or most vocal. The commitments made by shire councils in Local Service Delivery Plans will ensure that services and funding to small communities are maintained and improved.

### **13. Will everyone have to pay rates?**

The collection of rates is not the motive behind the establishment of shires in rural and remote areas. Local government is being structurally reformed to improve standards of governance and service delivery in all parts of the Northern Territory.

As local government is the third sphere of government in Australia, it is required to generate its own revenue as well as receiving grants from the Australian and Territory Governments for the delivery of services.

Local government is empowered under the *Local Government Act* to raise revenue in a variety of ways, including through service charges, user fees and land-based rates. In turn, democratically elected councils are responsible to their constituents for the proper expenditure of this revenue on local service delivery and infrastructure improvement.

There will be opportunities provided to all those who have land interests in areas that have not previously been incorporated – including pastoralists, miners, traditional land owners and residents - to express their views about the way the new shires should raise revenue.

#### **14. Will the new shires deliver more services?**

The new shires will deliver **better** services.

The *Local Government Act* will require the new shires to deliver ‘core’ services to each community according to standards set out in Local Service Delivery Plans.

Of course, the new shires will also deliver a range of ‘non-core’ services. However, the new shires will be expected to closely examine adequacy of funding, management capacity and staff skills before a ‘non-core’ local government service is included in a shire’s business plan.

## **How will the operations of existing councils transfer to the new shire?**

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#### **15. What will happen to existing council staff?**

There will be no net loss of jobs in the local government sector, however some jobs will have to be redesigned and existing staff may be required, with appropriate training, to carry out different duties.

It is expected that there will be a decrease in the proportion of staff working in administration and an increase in the number of staff working in direct service delivery.

Jobs will be located at council depots and council offices across the shire. Some will be new jobs and local people will be encouraged and supported to apply for these positions. Jobs for local people will underpin the new local government arrangements.

The detail of the new staff structures will be detailed in shire plans, developed in consultation with Shire Transition Committees, on a shire-by-shire basis.

Some individuals and families may also wish to set up their own small businesses and put in tenders or expressions of interest to carry out work for the new shire on a contract basis. There is government support available to community members who wish to set up such businesses through the Department of Business, Economic and Regional Development.

#### **16. What will be done to support existing staff and elected members?**

The Department of Local Government, in consultation with LGANT, is developing an on-line governance resource to support Indigenous leadership and continually improve the governance capacity of elected members.

In addition a local government jobs program, with a mentoring component targeted at Indigenous people working within local government on communities, is now being implemented .

The Government has also set aside funds to implement a local government human resource change management program, in cooperation with LGANT, to assist local government workers in their transition to the new arrangements.

#### **17. What will happen to existing council assets?**

The ownership of existing local government assets and infrastructure will transfer to the new shire. The fact that assets and infrastructure will transfer to the shire does not mean there is any loss to the community. All communities in a shire will share ownership of the shire's assets.

#### **18. What will happen to the contracts that existing councils have?**

The Department of Local Government, Housing and Sport is currently working with existing councils to compile a register of contracts and agreements.

These contracts and agreements include (but are not limited to):

- Shared Responsibility agreements
- Regional Partnership agreements
- Tied-funding agreements
- Sale contracts
- Purchase agreements
- Employment and contractor arrangements
- Service provider agreements
- Civil works and maintenance contracts
- Operating leases such as for equipment, vehicles and demountable and fixed buildings
- Finance, loan and overdraft arrangements

- Transport contracts and arrangements
- Staff credit arrangements

The Department will work with Shire Transition Committees and relevant stakeholders to re-examine and review these contracts in the lead up to the formation of the new shires.

### **19. What will happen to businesses owned or operated by a council?**

The future ownership of commercial operations established by existing councils will depend on a number of factors including:

- corporate structure of the enterprise;
- viability of the enterprise;
- historical and current funding arrangements for the enterprise;
- land tenure issues;
- compatibility with the capacity and strategic direction of the new shire.

Each commercial enterprise operated by existing councils will be considered on a case-by-case basis through discussions with relevant parties.

### **20. The Australian Government funds many councils. Does it support reform?**

Yes. The Australian Government has a 'Bilateral Agreement' with the Northern Territory Government, which supports the creation of regional local government.

The Australian Government has been consulted closely on the proposed new shires and supports the reform process.

Successful shires with strong management will be in better position to attract more program funding from Australian government agencies.

## **How have existing councils and members of the public participated in the reform process?**

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### **21. What is the NT Local Government Advisory Board?**

The NT Local Government Advisory Board was established to provide advice to the Minister for Local Government on key aspects of the reform process.

The Advisory Board had three key responsibilities:

- To provide advice on Local Government Regional Management Plans (these plans are explained below);

- To consider and provide advice to the Minister for Local Government on the Indicative New Local Government Boundaries; and
- To provide advice to the Minister on legislative changes required to implement the reform framework.

The complete Terms of Reference for the Advisory Board are available at [www.nt.gov.au/dlghs](http://www.nt.gov.au/dlghs)

The Advisory Board was made up of stakeholder representatives and regional representatives from both top end and southern communities. A list of Advisory Board members is available at [www.nt.gov.au/dlghs](http://www.nt.gov.au/dlghs)

Mr Patrick Dodson was appointed as the independent chairperson of the Advisory Board.

The Board met alternately in Alice Springs and Darwin.

## **22. What is a Shire Transition Committee?**

A Shire Transition Committee was established in each of the eight new shires from February 2007.

Membership included elected representatives from current local government bodies, significant community and regional service providers and the Australian Government through its Indigenous Coordination Centres. .

The role of each Shire Transition Committee was to provide advice in relation to the transitional and planning arrangements in each new or expanded shire area, and specifically to consider and provide advice on the following planning documents being prepared by the Department and the local government sector:

- Draft Shire Strategic Plan
- Draft Shire Business/Operational Plan
- Draft Shire Governance and Representation Plan
- Draft Shire Transition Plan

Members of the Shire Transition Committees were also requested to assist the transition process by:

- informing communities and key stakeholders about the new local government framework;
- seeking participation from existing local government bodies, communities and stakeholders in the implementation of the new shire council;

- providing local advice on issues being considered by the Northern Territory Local Government Advisory Board;
- assisting the implementation of specific transition processes and projects, (for example, transfer of existing data to new business systems; cooperation with human resource change management programs; dissemination of communications material; transfer of funding programs and assets);
- identifying employment and training opportunities for local people.

### **23. What is a Local Government Regional Management Plan?**

The *Local Government Act* provides for the establishment of Local Government Regional Management Plans.

These statutory instruments are a mechanism for the Northern Territory Government and local governments in each of the five administrative regions of the Territory (Darwin, Arnhem, Katherine, Barkly and Central Australia) to set out best practice arrangements for local government administration and governance.

The Regional Management Plans are flexible instruments for establishing and reviewing arrangements that would otherwise be contained in the *Local Government Act*, *Local Government Regulations* (which are difficult to review and amend) or other legal instruments.

The Regional Management Plans deal with issues that require a clear understanding between the Northern Territory Government and local government but are less suitable for inclusion in the *Local Government Act* or *Local Government Regulations* because:

1. They are likely to change or be improved over time.
2. They are specific to a particular region.
3. They are best implemented via a process of agreement and periodic review by the local government sector and the Territory Government rather than prescriptive legislation.

The Regional Management Plans are designed to increase the independence of local government. They will spell out how each council and group of councils within an administrative region will operate – consistent with each council’s own plans, processes, policies and decisions.

Regional Management Plans articulate the best practice processes by which local government bodies in each region intend to deliver quality services to their constituents. They contain sector-driven commitments in relation to resource sharing, business planning, financial accountability and service delivery. Where appropriate, they may also contain commitments from the Northern Territory and Australian Governments.

The Regional Management Plans provide a vehicle for local governments in a particular region to set out how they will work together and with other stakeholders, including the Northern Territory and Australian Governments, to increase regional development and quality of life.

Representatives of municipal councils, Shire Transition Committees and local government peak bodies have been working with the Department of Local Government, Housing and Sport in the development of Regional Management Plans.

In addition, the Local Government Advisory Board will review each of the Regional Management Plans and provide advice to the Minister for Local Government on the content of the plans.

