

# TOO MANY UNANSWERED QUESTIONS

[www.communityspeaksout.com](http://www.communityspeaksout.com)

26 September 2006

## BRIEFING NOTE FOR BUSINESS GROUPS

“Too many unanswered questions”

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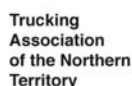
### Background

The “Too Many Unanswered Questions” campaign began out of frustration at the lack of meaningful information over the past eight months on the local government reforms. It has included full-page newspaper advertisements, media releases, television advertising, extensive media coverage and a website: [www.communityspeaksout.com](http://www.communityspeaksout.com).

The purpose of the campaign is to ask the Government to slow the reforms and undertake a proper consultative process, to review its progress to date, to properly consider the impacts, and to find solutions and the best model based on constructive input from the community and business.

### Effect of the Campaign

1. The Government announced it would cap rates for three years in the Top End region. This decision has been seen by many in the community as a ploy to defer any financial pain until after the next Territory election, because transition committees had previously been told they would be presented with a number of options for discussion. (It is also misleading because a significant amount of council funding comes from fees for service and there is nothing to stop councils increasing fees and fines or cutting services to meet shortfalls in rates.)
2. The Government has sent letters to Darwin and Litchfield Shire ratepayers. Rather than engage in dialogue and listen to people’s genuine concerns, the government has embarked on an expensive advertising campaign with our taxpayers’ dollars. It has accused critics of being poorly informed, yet any lack of information is exactly what the campaign is about. The information vacuum was created by the government;
3. The campaign has been described as ‘political’. However, Federal Labour politicians, including Labor President Warren Snowdon and Senator Trish Crossin have said they do not agree with the haste of the reforms. So has Opposition Leader Kevin Rudd. And so have lots of people with no political axe to grind.
4. The Independent Member for Nelson Gerry Wood addressed last week’s Minerals Council lunch, with a detailed analysis of what he believes are serious flaws in the government’s proposed model. He said the Government’s advertising had made his ‘blood boil’ and he is now planning a public meeting in Litchfield. He expressed concern that the Government was rushing a new *Local Government Act* through the October sittings of Parliament when it has not been circulated for comment;
5. The ABC today interviewed an academic from the Centre for Local Government at the University of New England who have been studying council amalgamations around Australia and overseas. Joel Byrnes said there was no certainty that amalgamations lead to more efficient councils and the general experience had been rate increases. A problem for all councils is that revenue sources are not keeping up with economic growth.
6. Darwin City Council’s Lord Mayor Garry Lambert today expressed concern at legislation being rushed through the October Parliamentary sittings before people had had time to look at it.



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7. The Chief Minister has undertaken to meet with the business groups running the campaign and we are trying to make a time. We don't believe she has been properly briefed on issues that are being raised in meetings and some of the difficulties we have encountered.
8. The Australian Services Union (which represents council and shire employees) has publicly expressed concern with the process of forced amalgamations and potentially detrimental impact on staff.

## Effect on Business and Urban Territory

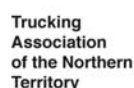
1. Businesses outside Darwin and Palmerston will be rated or have a substantial increase in rates with this new reform. We pay **taxes** for **government** services, we pay **rates** for **council** services – but it is not clear what, if any, services newly rated properties will receive.
2. The Government seems to be divesting itself of responsibility for all local services, including roads, yet still expects shires to deliver far more services on a leaner budget. The Government has capped rates, so there will be no increase in revenue for three years. So how are the new shires to pay for all these services? What will happen after three years when infrastructure has run down (as has happened interstate)? Increased business costs are passed on to all Territorians.
3. The Top End Shire business plan (the only one released) has a basic economic flaw in documented revenue. The plan relies heavily on being incorporated and thus being able to apply to the Federal Government for Federal Assisted Grant (FAG) for roads. This funding is already set and will be redirected only in exceptional circumstances. This is a high risk variable and an assumption.
4. The business plan shows that the shire revenue also assumes a component of 'black spot' roads funding which again, has to be applied for and is not an automatic grant or guarantee.
5. If the government's assumptions prove wrong, where will the money come from? Will roads still be maintained?
6. The super shire structure will require a large investment in infrastructure, including office buildings, maintenance equipment, road equipment and staff. The costing of this has not been explained and is likely to be borne by all Territorians.
7. In regional areas, the impost will be in inverse proportion to the demand for services as most mines and pastoral properties maintain their own roads and provide their own services.
8. Given the size of the Federal Assistance Grant funding, the government may be forced to reallocate funds to keep the new remote shires operational. This will force metropolitan shires to raise rates.
9. There has been virtually no consultation with business and the community. In fact, most of the anger of this campaign arises from poor communication not the intent of the reforms.

## Effects on Indigenous communities

There appears to have been very little effort to communicate or work with Indigenous communities to explain the reforms and how they will work.

The Northern Land Council has expressed concern at the establishment of shire boundaries that fail to take into account "cultural, linguistic and demographic factors to ensure optimum outcomes in service delivery".

The Federal Government's intervention means that the 73 communities across the Territory have been taken over by the Federal Government for the next five years and more than one billion dollars committed across the different priority areas notably law and order, health, housing and education



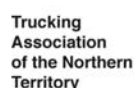
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It is not clear what arrangements will be put in place to help Aboriginal people pay their rates. It is also likely that the greater burden will fall on pastoralists, mining companies, regional businesses and Territorians who live outside an indigenous community.

## Effect on rural Territorians

1. Better services obviously cost more money. Promising low rates and better services is unrealistic at best – or at worst a lie.
2. Excluding Aborigines, most of whom cannot afford to pay large rates, and children, there will be a real rate base of 15,000 people and few businesses except mines and pastoral leases to finance nine super shires. So it cannot happen without more Government money or massive cross-subsidies from Darwin/Palmerston ratepayers;
3. The Business Plan is based on assumptions of Federal Assistance Grant funding from the Commonwealth. Irrespective of which party wins the Federal poll, how will the Northern Territory Government make up any shortfall in Commonwealth funding, except by soaking ratepayers and business;
4. The Martin Government says it supports the permit system on Aboriginal land, but it is planning to dismantle it to attract road funding from Canberra. It intends gazetting outback roads, most of which traverse Aboriginal land. This makes these roads 'open to and used by the public'. So anyone, not just those with permits, will be able to visit Aboriginal land;
5. As Warren Snowdon, President of Territory Labor, has said, the NT Government should wait and see what management structures emerge from the Commonwealth intervention, which is now effectively governing half the Northern Territory;
6. Minister McAdam and Pat Dodson have already struck the rate for the Top End Shire (and named the shire without any consultation on losing the historic Litchfield name). Why talk about consultation when the decision has already been made. Why have a council if it can't make its own decisions;
7. People on the land will in effect be paying a land tax, which will not deliver any services – the pastoral sector has a history of self sufficiency and contribution to infrastructure and services at little or no cost to Government. They will still be required to maintain most of their own roads.
8. We are concerned at the government transferring responsibility for regional roads to the shires when there is no demonstrated capacity for local government to fund and maintain these roads.
9. Employment for indigenous people will suffer with any increase in costs for pastoral properties.
10. Strong councils must have a sense of community – not stretch from Queensland to the West Australian border.
11. The super shires are the size of Victoria and appear to have been based on statistical boundaries, not communities of interest. How on earth can a shire the size of Victoria adequately give representation to the hundreds of dispersed communities and pastoral properties? How is this efficient?
12. How does throwing several dysfunctional councils together create a functional council, and what happens to the many well-run community councils thrown in with the poor ones;
13. The super shires' creation has not been done on indigenous family or skin/clan basis. The Northern Land Council is concerned that the Government has split 'country'. This reform has been done at the expense of 'community'.
14. The business community believes that the current model will not improve indigenous communities and will do nothing to improve the Territory's regional economic development. In fact, centralised buying could easily disadvantage regional businesses now supported by their local council.
15. The government model selected for new shires will require pastoral properties and mining interests to bear the burden of generating revenue in the absence of any significant rate base.
16. In the NT, there is a need to maintain primacy of Northern Territory Acts and the Pastoral Land Board in environmental management on pastoral land and not to have these functions



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- duplicated by local government. The Pastoral Land Act places specific obligations on leaseholders. This and other Acts provide effective controls over management of pastoral lands and councils should not be permitted to extend their powers to such matters;
17. The current model is flawed in that it does not support the new shires and burdens them with a series of compromises to get the reform through.
  18. Why haven't Darwin and Palmerston been reformed – because too many voters live there?

## Conclusion

We believe that local government reform is important, therefore it needs to be done slowly, carefully, and in consultation with everyone who is affected.

We believe the current proposals are seriously flawed, have enormous financial implications for all Territorians, and will not find the efficiencies the government is talking about.

A more detailed analysis is contained in a document prepared by an expert and independent financial analyst contained on our website at [www.communityspeaksout.com](http://www.communityspeaksout.com).

As business associations, we have a responsibility to represent the interests of our members. At present, many of our members do not even know that they will face impacts because the government hasn't given us the necessary information upon which to make informed comment and brief our members.

If you have concerns about the impact of these reforms, or suggestions for improved implementation, please contact your industry association.

**If these reforms are rushed, if mistakes are made, all Territorians will eventually pay for them.**

**If businesses incur more costs (taxes), they will be passed on to the consumer.**

