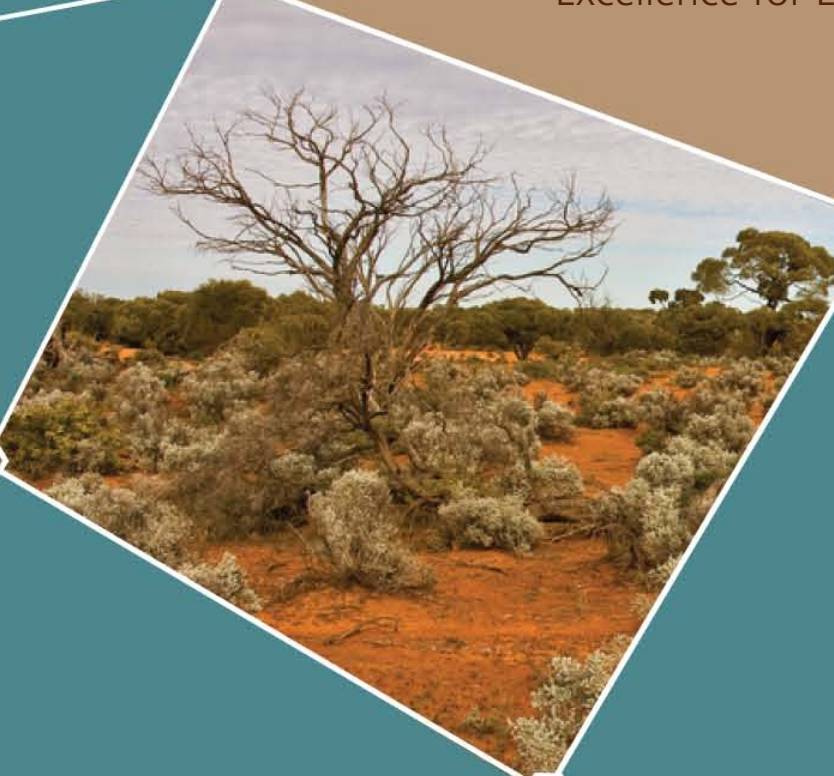




ROLE AND EXPECTATIONS

of Rural-Remote and
Indigenous Local Government

Report for the Australian Centre of
Excellence for Local Government





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Morton Consulting Services Pty Ltd

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1 Background

1.1 Project Scope

This report has been prepared as a component of the next phase of the Rural-Remote and Indigenous Local Government Program of the Australian Centre of Excellence for Local Government (ACELG)¹. The aim of the overall strategy is to identify key steps in building the capacity of small rural-remote and Indigenous councils across Australia – and especially in the north – to deliver adequate and appropriate local government services to their communities.

The strategy report presented in March 2011 noted that the current demands and expectations placed on rural-remote and Indigenous local government are unsustainable, especially if they are permitted to grow unchecked. It was considered that, if these councils are to have the capacity to deliver an acceptable scope and standard of services to their communities in the long term, there needs to be a better fit between the funding and resources available and the expectations placed on them.

The strategy noted in relation to the need for further investigation of the role and expectations of rural-remote and Indigenous local government that:-

- The underlying capacity of rural-remote and Indigenous local governments involves two related issues – the impact of government policies, including the withdrawal of some local services by government agencies; and community expectations.
- Rural-remote councils are commonly expected to provide a greater range of services than their regional and urban counterparts. More so, Indigenous councils often carry the burden of administering social programs and operating essential services and enterprises that would otherwise be the responsibility of government agencies, non-government organisations or the private sector.
- Rural-remote and Indigenous local government has often assumed a ‘provider of last resort’ role in order to ensure the sustainability of small communities. Councils are typically the central institution within those communities and so are expected to fill the gap when services are not adequately provided by the usual mainstream providers.
- The progressive retreat of government agencies to major towns not only limits local resident access to services, but can also prove detrimental to normal local government operations. When councils step in to fill the gap it takes their focus away from ‘core business’ and stretches their capacity to deliver municipal services.
- There has been a history of councils accepting additional responsibilities on the basis of substantial grant funding, only to see that funding withdrawn or reduced down the track. Councils have thus become very wary of state and federal governments.

This report is intended as the first stage of a project to build capacity in relation to the role and expectations of rural-remote and Indigenous councils. This project is focused on what constitutes a sustainable model of rural-remote and Indigenous local government and what is needed to achieve this.

¹ A Capacity Building Strategy for Rural-Remote and Indigenous Local Government, ACELG, March 2011

This initial project report focuses on:-

1. **Providing a profile of rural-remote councils** – assembling a more comprehensive and up-to-date profile of the target councils, highlighting factors that impact on local capacity in like-with-like situations.
2. **Documenting federal, state and community expectations** – reviewing background information from previous studies and inquiries as well as identifying issues from discussions with stakeholders from federal, state and local government.
3. **Identifying further actions and research** – from the information assembled and discussions held in relation to issues on roles and expectations, identifying the scope of any further research which can contribute to the objectives of ACELG.

1.2 The Rural-Remote and Indigenous Local Government Program

ACELG's Rural-Remote and Indigenous Local Government Program is one of six broad areas of activity identified in the Centre's Project Plan 2009-14. The Plan states in part that:

Small rural-remote and Indigenous councils operate in a different context to urban and provincial councils. They are typically resource poor and highly dependent on grants. They experience severe difficulties in attracting and retaining staff. Often the key issue is not so much one of improvement, as of establishing and maintaining basic capacity in the first instance.

At the same time, their communities look to councils to ensure that adequate health services (particularly primary health care), education (including tertiary education), transport, and arts, cultural and recreational facilities are provided. They expect local government not only to be a competent service provider, but also to be an advocate, facilitator and partner in service delivery by Commonwealth and State/Territory governments.

Following a series of scoping studies undertaken in the Northern Territory, Queensland and Western Australia, a National Roundtable was assembled to draw out what actions might be incorporated into a national capacity building strategy. From this process a series of common themes were distilled. These were:

- **Expectations and role** – government and community expectations of rural-remote and Indigenous local government, the unique role it plays in the system of government, and the concept of 'mainstreaming';
- **Remoteness** – the unique challenges facing this group of councils due to their remote location, size, and scope of services provided;
- **Compliance costs** – the burden of legislative compliance and administration of grant-funding;
- **Governance challenges** – including the need to build the capacity of councillors and staff and encourage more effective community engagement;
- **Strategic issues** – the vital role councils play in economic development, community building and strategic long-term planning, and the impact of withdrawal of central government services;
- **Workforce development** – staff recruitment and retention; building the Indigenous workforce; the special skills and leadership role required of Chief Executive Officers (CEOs) in remote Australia;

- **Councillor and staff development** – new approaches to training, peer support, mentoring, networking, education pathways;
- **Council support services** – including sharing best practice resources, staff and councillor exchanges;
- **Structure and relationships** – including structural reform, regional collaboration, shared services and inter-governmental relations;
- **Organisation capacity** – financial sustainability and asset management;
- **Appropriate systems** – for financial and asset management, human resources and IT generally.

1.3 Scoping Study Comments on Roles and Expectations

The initial scoping studies addressed a range of themes of relevance to capacity building for rural-remote and Indigenous councils. In relation to matters related to roles and expectations, the key points identified can be summarised as:-

- **Wider service roles** – it is often necessary for remote councils to fill the gap when services are withdrawn or not adequately provided by mainstream service providers (eg. services such as health, welfare, education, electricity, TV retransmission)
- **Impact of government decisions** – a far more significant impact on small councils when faced with decisions of government affecting rural and remote communities (eg service withdrawal, declaration of National Parks or wilderness areas).
- **Agency attitudes** - government agencies need to re-evaluate their attitude toward these smaller remote rural councils and recognise their importance in delivering local services as the provider of last resort. They need to recognise them as key builders of local communities rather than grant dependent/non-viable organisations. In some cases, the approach taken by government agencies was inappropriate and too regulatory when dealing with another sphere of government.
- **Intergovernmental relationships** –issues of communication, consultation, cooperation and collaboration between tiers of government and between government agencies need to be addressed.
- **Community expectations** – especially around being provider of last resort, lead decision maker and key local employer. The issue of local employment often makes it difficult to contract out services to external providers, or to establish joint arrangements with neighbouring councils, where such initiatives could achieve efficiencies or improve service levels.

1.4 Local Government under Pressure

The changing role along with expectations of local government is not simply an issue for remote-rural and Indigenous councils. These factors impact on all councils.

As the *Cost Shifting Inquiry*² noted in 2003, local government’s functions had increased in recent years due to the following factors:

² Rates and Taxes: A Fair Share for Responsible Local Government, Standing Committee on Economics, Finance and Public Administration, November 2003

1. **Devolution** — where another sphere of government gives local government responsibility for new functions;
2. **'Raising the bar'** — where another sphere of government, through legislative or other changes, increases the complexity of, or standard at which a local government service must be provided, and hence increases its cost;
3. **Cost shifting** — where there were two types of behaviour. The first is where local government agrees to provide a service on behalf of another sphere of government but funding is subsequently reduced or stopped, and local government is unable to withdraw because of community demand for the service. The second is where, for whatever reason, another sphere of government ceases to provide a service and local government steps in;
4. **Increased community expectations** — where the community demands improvements in existing local government services; and
5. **Policy choice** — where individual local governments choose to expand their service provision.

The Inquiry noted that local government had been increasingly taking on responsibility for social functions, such as management of health, alcohol and drug problems, community safety and improved planning and accessible transport. Councils had also been playing an increasing regulatory role in the areas of development and planning, public health and environmental management.

Examples of cost shifting identified in submissions to the Inquiry included:-

- **Withdrawn or reduced services by state government with the gap filled by councils**
Home and Community Care, childcare and aged care services, valuations, safety and crime prevention, housing
- **Transferred assets**
State regional roads, federal regional airports
- **Concessions and rebates created without compensation for councils**
Pensioner rebate schemes, non-rateable federal/state land
- **Increased regulatory and compliance requirements**
Food regulation, companion animals, threatened species, fire brigade contributions
- **Failure to provide indexation of fees and charges**
Swimming pool inspections, licensing, statutory planning fees, environmental protection fees

The Intergovernmental Agreement on Local Government Matters (IGA 2006) following from the Cost Shifting Inquiry established a framework to improve the way the three spheres of government relate to each other in achieving the best possible outcomes for communities. This included the establishment of principles guiding the allocation of roles and responsibilities in relation to services and functions between local government and the other spheres of government and how services are funded and delivered to the community at the local level.

The IGA states that where the Commonwealth or a State or a Territory seeks through non-regulatory means, the provision by local government of a service or function they shall:

1. respect the right of local governing bodies to decide whether they will accept the responsibility for the delivery of a service or function on behalf of another sphere of government;
2. negotiate on service delivery standards, financial arrangements and implementation with the relevant local governing bodies, or the relevant peak local government representative body;
3. be responsible for developing their own programmes, where appropriate, including responsibility for programme design, determination of policy objectives, service delivery standards and funding;
4. where possible reach agreement with the relevant local governing bodies or peak local government representative body on the terms and conditions.

The Productivity Commission³, in its review of local government revenue raising, noted that:

- *“... rural and remote local governments appear to provide a broader range of services than urban local governments as they fill service gaps that would be undertaken by other spheres of government or the private sector in urban areas.”*
- *“... rural and remote councils have higher expenditure per person, on average, compared with urban councils. This is largely explained by the inability of rural and remote councils to capture scale economies, having to pay higher input costs, maintaining more kilometres of roads per person and undertaking a relatively more extensive service mix. (Finding 3.5)*

The Queensland Local Government Reform Commission expressed similar views in relation to the role of remote councils. Their report⁴ states that *“... many far western councils are required to fill the gap in delivering human and other services normally provided by the private sector, but which are no longer available due to them being uneconomic.”*

In October 2010, the (then) Queensland Parliamentary Public Accounts and Public Works Committee commenced a Remote Council Issues inquiry, which highlighted financial sustainability as a key theme concerning remote councils. The Transport, Local Government and Infrastructure Committee has recently resolved to conduct an inquiry into this issue of sustainability, drawing on evidence provided to the previous inquiry. A number of these submissions comment on the role and expectations of remote councils. Comments include:

“Councils are cajoled into accepting a role as the subsidy's service provider only to see the funding eroded and reduced over time. However the community's expectations are that the service levels will continue and the political reality becomes the service is subsidised from council general revenue. By stealth, the State is eroding the discretionary council revenue to fund State initiated programs. Winton Shire Council's Little Swaggies Child Care is an example of a service that is now running at a substantial loss as government assistance dries up. The Community needs and expects the service to continue. The employees at the Child Care need and want their jobs. The Council is caught in a dilemma that sees the State escape their responsibilities and evades criticism should the service be reduced.” Winton Shire Council

“McKinlay Shire is active in the provision of non-traditional services. Examples include the jointly funded Community Health Nurse with Queensland Health, the first shire in North West Queensland to provide a Sport & Recreation Officer for the community and the state school, the provision of cattle loading services subsequent to Queensland Rails disinvestment in Julia Creek.

³ Assessing Local Government Revenue Raising Capacity, Productivity Commission, April 2008

⁴ Report of the Local Government Reform Commission, Volume 1, July 2007

These roles have been taken on by necessity and with the community's best interests at the forefront of Council's thinking.” McKinlay Shire Council

“Remote councils do provide a myriad of additional services, and have been doing so for decades, without recognition from the State. Community expectation is that these 'extras' are vital to community wellbeing. These costs are absorbed by council, as a 'user-pay' system would preclude the provision of such services ... The Financial Assistance Grants distributed by the Local Government Grants Commission are based on a methodology that needs reviewing to cater for the imposts faced by remote councils, that larger councils do not face; for example:

(a) Employee Housing - Remote councils face expenses for the provision of housing and maintenance (Barcoo Shire Council has budget expenditure over the next eight financial years of \$300,000 each year in capital expenditure for the provision of employee housing),

(b) Television retransmission - On average for those remote councils which have to retransmit, these costs amount to \$25,000 - \$50,000 per annum for maintenance of facilities,

(c) Aerodromes - Barcoo Shire Council has the need primarily for medical evacuations and Royal Flying Doctor Service (RFDS) clinics, to maintain three aerodromes – one for each of its communities. The maintenance costs and asset renewal costs amount to \$160,000 per annum,

(d) Health - Diamantina Shire Council owns and operates the Primary Health Clinics in Birdsville and Bedourie - a cost of \$300,000 - \$400,000 per annum. Barcoo Shire Council provides ambulance drivers for the clinics in the shire,

(e) School Transport - Barcoo Shire Council provides three vehicles for transport of students in their three communities. PCAP contribute \$7,000 per year to council as a payment, but actual maintenance and depreciation amounts to \$25,000/annum.

(f) Tourism - Visitor Information Centres are a cost, but vital in order to manage and assist in the large numbers of visitors to the remote regions,

(g) Broadband - Remote council areas have been left off the radar for optic fibre. Barcoo and Diamantina Shires have combined to offer a \$2.8m financial incentive for inclusion to the fibre network, in order to provide what is considered an essential service for its communities.”

Remote Area Planning & Development Board

These above comments would also reflect the view of remote councils in all states and the NT.

In 2010, the combined Indigenous councils of Queensland made a submission to the Public Accounts and Public Works Committee – Remote Council Issues. In the submission, the councils propose that long-term financial sustainability (implying that councils will become financially self-sufficient) is an unattainable goal and a better focus should be on the long-term viability of councils and communities. The councils state:

There are a number of challenges to ensure the long-term financial viability of remote indigenous councils. The committee should note that we believe that reference to long-term financial sustainability implies that Councils will somehow be able to become financially self-sufficient. That is clearly unattainable and a better focus should be on the long-term viability of our councils and communities.⁵

⁵ Submission to the Public Accounts and Public Works Committee – Remote Council Issues, Submission from the Combined Indigenous Councils

The submission points out the key challenges to long-term financial viability:

- **Managing assets** – while supportive of the requirement to develop asset management plans, the councils believe there will not be sufficient funding sources for maintenance and replacement of existing infrastructure.
- **Devolution** – local governments in remote communities generally deliver a broader range of services than other local governments, but the major challenge is that the funding models from other levels of government do not always cover the expenditure required to deliver the service. Examples include Centrelink services, postal services and Community Justice Group management.
- **Pressure on underlying cost structures** – expenditure obligations have increased, while grant funding has not. Increased expenditure includes decisions by the Remuneration Tribunal, management of town planning schemes, waste disposal costs due to rising environmental standards.
- **Community expectations and need** – the need for support services is significant, and as the sole public face of government in remote communities, residents look to local government for solutions. This has resulted in pressure to provide additional services. Councils are requested to provide in kind assistance such as free accommodation in guest houses, free use of staff accommodation, free use of halls and offices, peppercorn rents and the like.
- **Rising costs of governance** – many governance obligations that are appropriate for larger organisations may not be necessary for remote councils, yet the legislative responsibilities apply equally.
- **Limited control over revenue sources** – while mainstream councils can increase rates and charges to offset increases in operating costs, however, while the costs to Indigenous councils are rising, revenue sources are not increasing at the same rate.

The patterns of expenditure and revenue sources of remote-rural councils in responding to the needs of their communities are examined later in this report.

2 Legislative Issues

Local government legislation across the States and Territory generally applies equally to all councils, and does not differentiate in relation to remote-rural or Indigenous councils. There are some minor exceptions which are noted in the following sections. In addition to the following discussion of key aspects of legislation relating to roles and functions, Appendix B contains an overview of the framework related to planning and service delivery.

2.1 Western Australia

Under the *Local Government Act 1995*, Councils in WA have a general function:

- (1) to provide for the good government of persons in its district.*
- (2) The scope of the general function of a local government is to be construed in the context of its other functions under this Act or any other written law and any constraints imposed by this Act or any other written law on the performance of its functions.*
- (3) A liberal approach is to be taken to the construction of the scope of the general function of a local government.*

The scope of the general function of a local government in relation to its district is not limited by reason only that the Government of the State performs or may perform functions of a like nature.

In performing its executive functions, a local government may provide services and facilities. It is required to satisfy itself that such services and facilities:

- (a) integrate and coordinate, so far as practicable, with any provided by the Commonwealth, the State or any public body;*
- (b) do not duplicate, to an extent that the local government considers inappropriate, services or facilities provided by the Commonwealth, the State or any other body or person, whether public or private; and*
- (c) are managed efficiently and effectively.*

As such, the role and function of WA local government is broad with a general competency power. There is no specification of core services to be delivered, or any differentiation of requirements for remote-rural councils.

The Government of Western Australia and the Australian Federal Government signed a Bilateral Agreement on Indigenous Affairs in June 2006. This Agreement is aimed at improving the circumstances for Indigenous Western Australians and commits each local government to increase its effort in Indigenous affairs.

As part of the WA State Government's local government reform program, a project is being undertaken to help improve the delivery of local government services in Aboriginal communities. The project involves costing and planning for the delivery of services to Aboriginal communities in WA and reflects the intent of the Bilateral Agreement.

A Planning Committee set up to oversee this project has identified a number of primary services that should be provided to Aboriginal communities through local government, and a pilot project is assessing the cost of delivering these services at a standard appropriate to that of similar sized towns elsewhere in the State (see Appendix A for details of these services).

Councils affected by the Bilateral Agreement have not been able to obtain an agreement from governments to provide adequate resources to take over responsibility for municipal services in Indigenous communities. Councils are seeking long term generational funding agreements. They

are concerned that the necessary long term funding will not eventuate but having taken on the role, community expectations would make it difficult for them to withdraw in the future. The National Partnership Agreement on Remote Indigenous Housing expected the handover of municipal services to local government from July 2012.

2.2 Northern Territory

Under the NT *Local Government Act*, the principal role of council is defined as:

- (a) to act as a representative, informed and responsible decision-maker in the interests of its constituency;*
- (b) to develop a strong and cohesive social life for its residents and allocate resources in a fair, socially inclusive, and sustainable way;*
- (c) to provide and coordinate public facilities and services;*
- (d) to encourage and develop initiatives for improving quality of life;*
- (e) to represent the interests of its area to the wider community;*
- (f) to exercise and carry out the powers and functions of local government assigned to the council under this Act and other Acts.*

The functions of a council set out in the Act are:

- (a) to plan for the future requirements of its area for local government services;*
- (b) to provide services and facilities for the benefit of its area, its residents and visitors;*
- (c) to provide for the interests and well-being of individuals and groups within the council area;*
- (d) to carry out measures to protect its area from natural and other hazards and to mitigate the effects of such hazards;*
- (e) to manage and develop council facilities and services in its area in a sustainable way;*
- (f) to manage and develop for the benefit of its area all the resources available to the council;*
- (g) other functions assigned to the council under this or any other Act.*

The functions of a council may (if the council chooses to exercise them) include the following:

- (a) to promote its area as a location for appropriate industries or commerce or as an attractive tourist destination;*
- (b) to establish or support organisations or programs that benefit the council area.*

A regional management plan (RMP) prepared by the Territory Local Government Agency (s17(b)) is also required. The RMP must include a description of the challenges and opportunities for local government within the region; address the administrative and regulatory framework for local government service delivery and list any existing or potential cooperative arrangements involving local government in the region, either among councils themselves or with other bodies.

There is also a requirement for the RMP to define the core local government services, and where they are to be delivered, in the region (see Appendix A for details of core services). The RMP operates for a period of four years.

Municipal councils are not required to participate in regional management plans, but may do so if they desire. The initial RMPs relate only to the shire councils. The municipal and town councils were not included.

All councils are required under the Act to have a municipal or shire plan which is linked to the RMP. The municipal or shire plan is to contain a strategic plan (if one exists), service delivery plan, annual budget and a long term (4 year) financial plan. The purpose of the municipal or shire plan is to draw together the essential elements of the long term plans, the service delivery plan and annual budget into a document that describes the intended objectives and activities for the forthcoming year.

However, according to the report on the RMPs⁶, many of the shire plans have been prepared as a requirement to meet compliance, not as a management tool.

Apart from the requirement in relation to only shires being required to participate in regional management plans, other aspects of legislation apply equally to all councils in the NT.

2.3 Queensland

Under the *Local Government Act 2009*, a local government in Queensland has the power:

- *to do anything that is necessary or convenient for the good rule and local government of its local government area.*
- *however, a local government can only do something that the State can validly do.*
- *when exercising a power, a local government may take account of Aboriginal tradition and Island custom.*

With this general competency power, the functions that can be performed are broad.

Under s.81, there are specific provisions relating to Indigenous regional councils (Torres Strait Island Regional Council and Northern Peninsula Regional Council), but only in relation to their role as trustee of trust land. These provisions were necessary with the merger of a number of former Indigenous councils which held the deed of grant in trust for land in their former area. A trustee council must conduct its trustee business separately from its other local government business.

The Act allows a community forum to be created in these regional councils by the Minister to be responsible for meeting with the local community to discuss issues relating to:

- (a) trust land; and
- (b) planning; and
- (c) the delivery of services; and
- (d) culture.

Under s.100, the Act provides for fees to be levied on residents of Indigenous local government areas:

- (1) An indigenous local government may, by resolution, levy a fee on residents of its local government area.*
- (2) The indigenous local government may exempt a resident from paying the fee, if another amount is payable to the indigenous local government in relation to the property in which the resident resides.*

This provides an opportunity for own-source revenue as most land is non-rateable. The use of such service charges has been a common practice of most of the Indigenous councils over a lengthy period (and prior to moving from community council to shire council status).

Apart from this minor differentiation of roles, the provisions of the Act apply equally to all councils across the State (with the exception of Brisbane City which is under the City of Brisbane Act 2010). As noted earlier Appendix B provides more detailed information on legislative requirements in relation to integrated planning and service delivery frameworks.

⁶ Regional Management Plan Report for 2008/2009/2010, Department of Housing, Local Government and Regional Services, April 2011

3 Profile of Rural-Remote and Indigenous Councils

3.1 Overview of Target Councils

Table 3.1 provides details of those councils in Western Australia, Queensland and the Northern Territory which are the focus of this project. These councils are those which meet the Australian Classification of Local Government (ACLG) criteria as remote councils (RT code in ACLG). There are however a number of Indigenous councils in Queensland that do not have an ACLG code of remote. These Indigenous councils have been included in the target councils.

There are two local governments in NSW (Central Darling and Cobar) and five Indigenous local governing bodies in South Australia (Yalata, Nepabunna, Anangu Pitjantjatjara, Maralinga and Gerard) which can be described as rural-remote and/or Indigenous councils. It was however agreed that the focus of this research should continue to be on Western Australia, Queensland and the Northern Territory.

Table 3.1: Remote-Rural and Indigenous Local Governments, WA, QLD and NT

State	Council Name	Popln. 2009	Road Length (km)	% indigenous
QLD	Aurukun	1138	183	91.6%
QLD	Barcaldine	3470	3138	5.9%
QLD	Barcoo	383	1546	6.9%
QLD	Blackall-Tambo	2145	1879	2.9%
QLD	Bouli	450	1323	24.8%
QLD	Bulloo	395	2421	9.8%
QLD	Burke	535	918	25.3%
QLD	Carpentaria	2084	2387	37.8%
QLD	Cherbourg	1241	25	96.9%
QLD	Cloncurry	3362	1221	22.5%
QLD	Cook	3688	2540	16.1%
QLD	Croydon	271	861	29.4%
QLD	Diamantina	307	1158	27.8%
QLD	Doomadgee	1181	127	92.7%
QLD	Etheridge	898	1484	1.3%
QLD	Flinders	1907	2141	8.2%
QLD	Hope Vale	856	185	93.1%
QLD	Kowanyama	1112	208	92.6%
QLD	Lockhart River	605	323	88.6%
QLD	Longreach	4324	2931	4.1%
QLD	Mapoon	262	35	91.2%
QLD	McKinlay	968	1978	4.7%
QLD	Mornington	1124	445	90.6%
QLD	Murweh	4870	2673	10.5%
QLD	Napranum	921	20	92.7%
QLD	Northern Peninsula Area	2164	363	90.4%
QLD	Palm Island	2165	39	93.4%
QLD	Paroo	2055	2210	27.6%
QLD	Porpuraaw	653	570	89.3%
QLD	Quilpie	1053	2041	9.4%
QLD	Richmond	962	1384	5.5%

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QLD	Torres	3516	52	69.8%
QLD	Torres Strait Island	4783	213	91.7%
QLD	Winton	1466	2560	9.4%
QLD	Woorabinda	928	80	94.6%
QLD	Wujal Wujal	361	20	94.8%
QLD	Yarrabah	2599	50	96.9%
WA	Ashburton	6477	2192	10.7%
WA	Broome	15259	829	31.8%
WA	Coolgardie	4078	795	9.8%
WA	Cue	362	739	38.3%
WA	Derby-West Kimberley	7917	1807	66.8%
WA	Dundas	1153	624	12.6%
WA	East Pilbara	7500	3076	25.8%
WA	Exmouth	2224	287	1.4%
WA	Halls Creek	3620	1254	84.4%
WA	Laverton	786	4179	41.9%
WA	Leonora	1620	1332	11.7%
WA	Meekatharra	1296	2527	50.2%
WA	Menzies	249	2087	63.7%
WA	Mount Magnet	580	707	23.1%
WA	Murchison	127	1872	37.9%
WA	Ngaanyatjarraku	1650	1326	87.9%
WA	Port Hedland	13060	649	20.2%
WA	Roebourne	18240	580	12.8%
WA	Sandstone	136	1147	22.6%
WA	Shark Bay	917	604	12.6%
WA	Upper Gascoyne	335	1834	62.7%
WA	Wiluna	770	1880	41.1%
WA	Wyndham-East Kimberley	7474	1082	40.0%
WA	Yalgoo	272	1188	43.6%
NT	Barkly	7452	621	67.0%
NT	Belyuen	196	84	95.0%
NT	Central Desert	4442	2111	84.0%
NT	East Arnhem	9134	1232	93.0%
NT	MacDonnell	6554	1736	86.0%
NT	Roper Gulf	6217	975	77.0%
NT	Tiwi Islands	2449	925	92.0%
NT	Victoria - Daly	6152	1122	80.0%
NT	West Arnhem	6339	1156	74.0%
		206,239	86291	46.3%

Source: Department of Regional Australia, Regional Development and Local Government, ABS, OESR Qld and NT Regional Management Plans

The councils shown accounted for a population of just over 200,000 or 3% of the combined population of 6.4 million across these three jurisdictions in 2009. However, in the Northern Territory, these councils (population 48,935) account for 21.3% of the Territory population whereas in Western Australia these councils (population 96,102) account for 5.8% and in Queensland these councils (population 61,202) account for 1.4% of the State population.

Table 3.1 also includes details of the proportion of Indigenous people in each council area. In total, these remote-rural and Indigenous councils have 46% of their population as Indigenous (based on 2006 ABS Census data). However, this ranges from less than 3% (Etheridge, Blackall/Tambo and Exmouth) to over 80% in what can be termed Indigenous councils in Queensland and the Northern Territory. In Halls Creek, which could be termed a mainstream council, over 84% of the population are Indigenous. These extremes in the demographic characteristics impact significantly on the role performed by each council.

Table 3.2 (a) provides details of the funding of each of these councils in Western Australia, Northern Territory and Queensland from Commonwealth Financial Assistance Grants (FAG), including the General Purpose Grant (GPG) and the Identified Road Grant (IRG).

Table 3.2 (a): Distribution of Financial Assistance Grants 2008/09

	Population 2009	Road Kilometres	GPG/capita	IRG/km	Total FAG/capita
Murchison	127	1872	\$12,728	\$349	\$17,874
Sandstone	136	1147	\$8,038	\$473	\$12,027
Belyuen	196	84	\$80	\$331	\$222
Menzies	249	2087	\$4,465	\$298	\$6,964
Mapoon	262	35	\$2,172	\$515	\$2,240
Croydon	271	861	\$5,297	\$436	\$6,681
Yalgoo	272	1188	\$3,957	\$438	\$5,870
Diamantina	307	1158	\$11,196	\$444	\$12,873
Upper Gascoyne	335	1834	\$4,992	\$371	\$7,026
Wujal Wujal	361	20	\$551	\$618	\$585
Cue	362	739	\$2,020	\$490	\$3,019
Barcoo	383	1546	\$4,883	\$444	\$6,676
Bulloo	395	2421	\$6,165	\$487	\$9,152
Boulia	450	1323	\$4,111	\$445	\$5,420
Burke	535	918	\$3,226	\$448	\$3,993
Mount Magnet	580	707	\$1,742	\$562	\$2,427
Lockhart River	605	323	\$1,087	\$385	\$1,292
Porpuraaw	653	570	\$869	\$453	\$1,265
Wiluna	770	1880	\$1,235	\$326	\$2,031
Laverton	786	4179	\$1,291	\$136	\$2,015
Hope Vale	856	185	\$633	\$487	\$739
Etheridge	898	1484	\$2,307	\$448	\$3,047
Shark Bay	917	604	\$999	\$555	\$1,365
Napranum	921	20	\$490	\$890	\$510
Woorabinda	928	80	\$234	\$554	\$282
Richmond	962	1384	\$1,879	\$398	\$2,451
McKinlay	968	1978	\$2,549	\$428	\$3,423
Quilpie	1053	2041	\$2,588	\$552	\$3,657
Kowanyama	1112	208	\$635	\$494	\$727
Mornington	1124	445	\$1,135	\$581	\$1,365
Aurukun	1138	183	\$993	\$502	\$1,074
Dundas	1153	624	\$725	\$603	\$1,051
Doomadgee	1181	127	\$478	\$532	\$535

Cherbourg	1241	25	\$193	\$1,721	\$228
Meekatharra	1296	2527	\$1,175	\$345	\$1,849
Winton	1466	2560	\$2,543	\$447	\$3,324
Leonora	1620	1332	\$231	\$415	\$572
Ngaanyatjarraku	1650	1326	\$1,541	\$371	\$1,839
Flinders	1907	2141	\$1,327	\$478	\$1,863
Paroo	2055	2210	\$1,260	\$451	\$1,745
Carpentaria	2084	2387	\$1,217	\$368	\$1,638
Blackall-Tambo	2145	1879	\$1,285	\$498	\$1,721
Northern Peninsula Area	2164	363	\$925	\$499	\$1,008
Palm Island	2165	39	\$235	\$979	\$252
Exmouth	2224	287	\$498	\$1,089	\$639
Tiwi Islands	2449	925	\$103	\$808	\$408
Yarrabah	2599	50	\$157	\$948	\$175
Cloncurry	3362	1221	\$686	\$654	\$923
Barcaldine	3470	3138	\$1,487	\$453	\$1,896
Torres	3516	52	\$534	\$1,101	\$550
Halls Creek	3620	1254	\$945	\$453	\$1,102
Cook	3688	2540	\$1,108	\$456	\$1,422
Coolgardie	4078	795	\$84	\$457	\$173
Longreach	4324	2931	\$1,158	\$462	\$1,471
Central Desert	4442	2111	\$204	\$344	\$368
Torres Strait Island	4783	213	\$1,191	\$657	\$1,220
Murweh	4870	2673	\$672	\$460	\$924
Victoria - Daly	6152	1122	\$186	\$1,149	\$395
Roper Gulf	6217	975	\$215	\$833	\$345
West Arnhem	6339	1156	\$148	\$836	\$301
Ashburton	6477	2192	\$451	\$494	\$618
MacDonnell	6554	1736	\$153	\$396	\$258
Barkly	7452	621	\$217	\$651	\$271
Wyndham-East Kimberley	7474	1082	\$387	\$641	\$480
East Pilbara	7500	3076	\$392	\$441	\$573
Derby-West Kimberley	7917	1807	\$564	\$416	\$659
East Arnhem	9134	1232	\$223	\$703	\$318
Port Hedland	13060	649	\$144	\$906	\$189
Broome	15259	829	\$157	\$797	\$200
Roebourne	18240	580	\$128	\$1,099	\$163

Source: Department of Regional Australia, Regional Development and Local Government

The General Purpose Grant (GPG) ranges from under \$200 per capita to over \$6,000 per capita while the Road grant ranges from under \$300 per kilometre to over \$1,000 per kilometre. Even councils with similar populations and road lengths receive substantially different levels of funding from FAG.

At the aggregate level, there is a significant difference in the GPG going to the group of councils in each jurisdiction as shown by Table 3.2(b).

Table 3.2(b): General Purpose Grant per capita by State/Territory 2008/09

State/Territory	Population 2009	General Purpose Grant 09/10	GPG/capita
QLD	61202	\$73,404,726	\$1,199
WA	96102	\$41,163,278	\$428
NT	48935	\$9,251,662	\$189
Total	206239	\$123,819,666	\$600

Source: Table 3.2(a)

The remote-rural and Indigenous councils in Queensland obtained the greatest GPG per capita at \$1,199 in 2009/10 while the NT group obtained the least support at only \$189 per capita.

According to the NT LGGC, “... the revised methodology continues its trend in directing money from the ‘bitumen to the bush’ ...”⁷ However, with 74% of the current NT GPG going to the remote-rural shires, it is very difficult to increase the total grant amount to this group, taking into account the per capita minimum requirement for any council.

The current outcome suggests that it is the equal per capita distribution of the GPG component between states that is the main reason for the apparent inequity in outcomes rather than simply the methodology adopted by each LGGC. Even if all the GPG funding provided to the NT was distributed to the remote shires, the maximum amount per capita available would only be around \$250.

While population and road length might be expected to be key drivers of FAG, regression analysis found little correlation in grant outcomes relative to these variables ($R^2 = 0.36$ for GPG and 0.51 for total FAG).

Interestingly, the correlation between grants and population and road length is strongest in Queensland ($R^2 = 0.71$ for GPG and 0.82 for total FAG). This is likely to be driven by the use of regression analysis in the Queensland methodology in 2009/10. Outcomes from the direct application of the Queensland methodology are regressed against population and road length to moderate extreme results caused by the large range of variance in the data used. Consequently the high correlation in Queensland between grant outcome and population and road length can be explained.

There are also significant differences in the way each State Grants Commission assesses the road entitlement. For example, in Queensland a simple weighting between population (37.15% of grant) and road length (62.85% of grant is used). In Western Australia, an asset preservation model is used to assess road expenditure needs.

Such differences in methodology do impact on the grants received by these remote councils. For example, if the Queensland approach was used in Western Australia, the remote rural councils as a group would receive approximately 15% less from the road entitlement than under the current asset preservation approach, although the impact varies from council to council.

3.2 Revenue Sources

This section examines in detail differences in revenue sources for these remote-rural and Indigenous councils. As noted earlier, these councils are highly dependent on grants but there are significant variations across the target sector within and between states/territory.

⁷ NT LGGC, Annual Report 2009/10

3.2.1 Western Australia

Table 3.3(a) provides details of the share of revenue by source, ranked by population. Rate revenue on average accounts for 24% of revenue of these councils. This compares with rates representing 43% of all revenue for councils across WA.

Councils such as Leonora (56% from rates), Broome (48% from rates) and Coolgardie (45% from rates) are however similar to the State average. For councils such as Murchison and Ngaanyatjarraku, rates represent less than 3% of all revenue. These councils receive most of their revenue from non-FAG grants and subsidies.

Table 3.3(a): Share of Revenue by Source 2009/10 – WA Remote Councils

Local Government	Popln. 2010	09/10 GPG	09/10 IRG	Other Grants/ Subsidies	Rate Revenue	Charges	Other	Total Revenue	Total Revenue/capita
Murchison	112	26%	10%	57%	2%	2%	3%	6,590,581	\$58,844
Sandstone	143	31%	15%	19%	23%	3%	8%	3,637,069	\$25,434
Menzies	242	19%	13%	17%	30%	10%	11%	5,988,676	\$24,747
Yalgoo	265	17%	8%	56%	15%	1%	3%	6,692,496	\$25,255
Cue	278	12%	6%	59%	15%	6%	2%	6,318,729	\$22,729
Upper Gascoyne	330	33%	15%	42%	3%	5%	2%	5,329,108	\$16,149
Mount Magnet	639	31%	12%	8%	28%	16%	6%	3,446,035	\$5,393
Wiluna	746	18%	12%	21%	37%	6%	6%	5,543,610	\$7,431
Laverton	749	12%	8%	42%	29%	5%	4%	8,596,423	\$11,477
Shark Bay	980	17%	6%	25%	14%	20%	17%	5,528,797	\$5,642
Meekatharra	1,228	23%	13%	12%	32%	11%	10%	6,998,798	\$5,699
Ngaanyatjarraku	1,543	37%	14%	43%	3%	1%	1%	7,118,529	\$4,613
Leonora	1,875	5%	8%	19%	56%	11%	2%	7,318,397	\$3,903
Exmouth	2,487	11%	3%	17%	23%	41%	4%	10,452,881	\$4,203
Halls Creek	3,345	20%	5%	60%	8%	5%	2%	17,552,936	\$5,248
Coolgardie	3,963	4%	4%	19%	45%	20%	8%	9,390,949	\$2,370
Ashburton	6,730	8%	4%	46%	19%	18%	5%	37,827,400	\$5,621
Wyndham-East Kimberley	7,971	11%	3%	41%	19%	21%	6%	27,741,432	\$3,480
Derby-West Kimberley	8,092	23%	5%	31%	19%	17%	5%	20,349,019	\$2,515
East Pilbara	8,113	9%	6%	28%	19%	32%	6%	33,143,054	\$4,085
Port Hedland	14,624	4%	1%	9%	25%	41%	19%	44,600,303	\$3,050
Broome	16,298	9%	3%	11%	48%	24%	4%	26,737,245	\$1,641
Roebourne	19,143	4%	1%	9%	26%	51%	8%	62,433,518	\$3,261
TOTAL	99,896	11%	5%	26%	24%	26%	7%	369,335,985	\$3,697

Source: WA LGGC

Table 3.3(b) provides a summary of revenue by source for the remote councils in comparison with the State as a whole using the above data and ABS Cat. 5512.0. The high dependency of remote councils on grants and subsidies compared with other WA councils is apparent.

Table 3.3(b): Revenue by Source, WA Remote Councils and all WA Councils, 2009/10

Source	Remote Councils	All WA Councils
Taxation revenue	24%	43%
Current grants and subsidies	42%	9%
Sales of goods and services	26%	24%
Other	8%	24%
Total \$m	\$369	\$1,867

Source: WA LGGC and ABS 5512.0

3.2.2 Northern Territory

Table 3.4 provides details of the revenue sources of NT Remote Councils. Only 3.4% of the revenue of these councils comes from rates and charges. In contrast, the other NT Councils obtain 54% of their revenue from rates and charges. The dominance of grants and subsidies is apparent making up 68.3% of revenue with only 5.7% of these coming from untied FAG.

Of the \$182 million of other grants and subsidies, \$99 million is from Commonwealth tied grants including \$35 million for CDEP. The other \$83 million comes from NT Government Grants.

Table 3.4: Share of Revenue by Source 2009/10 – NT Remote Councils

Local Government	NT LGGC Pop. 2010	09/10 LGGC GPG	09/10 LGGC Road Grant	Other Grants/ Subsidies	Rates/Charges Revenue	Other Revenue	Total Revenue	Revenue/ capita
Belyuen	209	1.1%	2.5%	65.8%	0.0%	30.7%	\$865,159	\$4,140
Tiwi Islands	2,536	1.1%	4.2%	75.8%	3.5%	15.4%	\$18,480,380	\$7,287
Central Desert	4,822	4.1%	3.2%	77.6%	1.6%	13.6%	\$29,695,451	\$6,158
West Arnhem	6,913	2.9%	3.1%	56.3%	6.9%	30.8%	\$31,977,674	\$4,626
Victoria - Daly	7,032	3.1%	3.4%	55.9%	2.8%	34.8%	\$39,727,461	\$5,650
Roper Gulf	7,044	4.0%	2.4%	66.7%	1.7%	25.3%	\$35,670,609	\$5,064
MacDonnell	7,257	3.5%	1.4%	72.0%	1.4%	21.7%	\$37,112,214	\$5,114
Barkly	8,143	3.0%	0.8%	37.7%	5.1%	53.4%	\$51,268,796	\$6,296
East Arnhem	10,088	4.7%	2.0%	74.8%	4.1%	14.5%	\$46,362,615	\$4,596
Total Remote	54,044	3.4%	2.3%	62.6%	3.4%	28.2%	\$291,160,359	\$5,387
Other NT Councils	166,709	2.1%	3.5%	18.2%	53.5%	22.7%	\$174,541,839	\$1,047
Total NT	220,753	2.9%	2.8%	46.0%	22.2%	26.1%	\$465,702,198	\$2,110

Source: NT LGGC

3.2.3 Queensland

Table 3.5 provides details of the share of revenue by key source for remote rural councils in Queensland. The Indigenous councils (other than Aurukun and Mornington) are not included in the table as consolidated data is not available.

Rates and Utility charges account for only 14% of the revenue of these remote Queensland councils. In comparison, the other councils in Queensland derive 62% of revenue from rates and utility charges. The higher share of revenue from rates and charges in Burke and Cloncurry is a reflection of rates from mining in each of these communities.

The very low share of rates and charges (14%) for these remote Queensland councils contrasts with those in Western Australia where 50% of revenue comes from rates and charges. Again, there is significant variation in the source of revenue across the group.

Table 3.5: Share of Revenue by Source, Queensland Remote Councils

	Popln. 2010	Rates & utility charges	FAG Grants	other income	total operating income \$000	Total income/ capita
Croydon	273	4%	16%	80%	\$12,016	\$44,015
Diamantina	322	1%	11%	87%	\$37,786	\$117,348
Barcoo	346	4%	16%	80%	\$18,362	\$53,069
Bulloo	377	29%	32%	39%	\$11,829	\$31,377
Boulia	469	5%	14%	81%	\$18,343	\$39,111
Burke	554	41%	32%	26%	\$7,123	\$12,857
Etheridge	925	5%	8%	87%	\$36,055	\$38,978
McKinlay	944	8%	12%	80%	\$26,856	\$28,449
Richmond	951	7%	15%	77%	\$16,824	\$17,691
Quilpie	1035	23%	36%	41%	\$10,294	\$9,946
Mornington	1101	9%	15%	77%	\$10,643	\$9,667
Aurukun	1216	3%	10%	87%	\$11,929	\$9,810
Winton	1414	15%	27%	58%	\$19,959	\$14,115
Flinders	1821	10%	14%	75%	\$25,807	\$14,172
Paroo	1951	19%	31%	50%	\$12,715	\$6,517
Blackall-Tambo	2086	22%	26%	52%	\$13,761	\$6,597
Carpentaria	2149	17%	16%	67%	\$25,523	\$11,877
Cloncurry	3384	36%	15%	49%	\$22,538	\$6,660
Barcaldine	3406	16%	21%	63%	\$30,486	\$8,951
Torres	3700	35%	17%	47%	\$11,887	\$3,213
Cook	3976	11%	11%	78%	\$52,830	\$13,287
Longreach	4344	25%	24%	52%	\$27,116	\$6,242
Murweh	4910	26%	28%	46%	\$17,916	\$3,649
Total Remote Rural	41,654	14%	17%	69%	\$478,598	\$11,490
Other Qld. Councils	4,472,196	62%	4%	34%	\$7,040,908	\$1,574

Source: DLG Comparative Local Government Data, Qld LGGC and ABS Population estimates

3.2.4 Overview of Revenue Characteristics

The analysis in the previous sections reveals significant differences in the resource capacity of these remote-rural and Indigenous councils both within and between jurisdictions. Western Australian remote councils have the lowest revenue per capita at \$3,697. However, these councils have the greatest self-sufficiency with 50% of revenue from own source rates and charges. Queensland councils have the most revenue per capita at \$11,490, but only 14% is own source rates and charges. Only 3.4% of revenue of the NT remote councils comes from rates and charges.

Diamantina (Qld) has the highest per capita revenue at \$117,348 followed by Murchison (WA) at \$58,844.

These differences are in part a reflection of the differences in the density of settlement of these councils and the level of road responsibility relative to people services. However, the differences do mean that care must be taken when considering the group of remote-rural councils as a whole.

Table 3.6: Overview of Revenue Characteristics – Remote Councils 2009/10

State/Territory	% revenue from rates/charges	% revenue from untied FAG	Total Revenue/ capita
Western Australia	50.0%	16.0%	\$3,697
Northern Territory	3.4%	5.7%	\$5,387
Queensland	14.0%	17.0%	\$11,490

3.3 Expenditure by Function

This section looks at the scope of the functions performed by remote-rural and Indigenous councils within and between states/territory. A key difference between the role of these councils across jurisdictions is in Queensland where local government is responsible for water and waste water. In WA and NT, these functions are performed by state/territory agencies, although in some cases the council may undertake operational roles on a contract basis.

3.3.1 Western Australia

Table 3.7 provides an overview of the functional spread of expenditure for the 24 target councils compared with councils across the state as a whole. The table reveals a very similar pattern of functional spread. Remote-rural councils have a more significant focus on roads (39% of outlays vs 27% state-wide) and other economic affairs⁸ (11% vs 3% state-wide). The greater focus on roads is primarily a reflection of low population density.

Table 3.7: Share of Expenditure by Function 2009/10 – WA Remote compared with State

WA	Remote	State
General public services	15%	12.5%
Public order and safety	2%	3.6%
Education	0%	0.1%
Health	2%	1.7%
Social security and welfare	2%	4.6%
Housing and community amenities	5%	16.5%
Recreation and culture	19%	23.2%
Transport and communications	39%	26.9%
Other economic affairs	11%	3.3%
Other	5%	8%
Total	100%	100.0%

Source: WA LGGC and ABS 5512.0

However, there is a significant variation between councils as shown by Table 3.8. For example, Port Hedland has only 17% of expenditure on roads and transport but 39% of outlays go on recreation and culture. Mt Magnet, Cue and Murchison are effectively road authorities with more than 70% of all expenditure on this function. There are some differences in the way expenditure is allocated on a functional basis, but the table shows that each council has different priorities in meeting the needs of its community.

Table 3.8 Expenditure by Function 2009/10 – WA Remote-Rural Councils

Local Government	Gen. service	Order & safety	Educ. Health Welfare	Housing	Com. Amen.	Rec./ culture	Transport	Ec. Affairs	Other	Total Expend.	Total Expend./ capita
Ashburton	21%	2%	2%	2%	2%	10%	38%	2%	20%	20,643,877	\$3,067
Broome	37%	5%	6%	3%	6%	21%	20%	2%	0%	20,592,434	\$1,263
Coolgardie	16%	1%	1%	1%	2%	27%	38%	1%	13%	8,552,016	\$2,158
Cue	3%	1%	2%	3%	1%	4%	74%	2%	10%	5,837,505	\$20,998
Derby-West Kimberley	7%	2%	10%	3%	5%	19%	26%	25%	3%	16,025,704	\$1,980
East Pilbara	18%	2%	4%	1%	2%	18%	41%	12%	1%	21,178,556	\$2,610
Exmouth	6%	4%	7%	1%	9%	22%	19%	30%	2%	7,597,953	\$3,055
Halls Creek	18%	2%	11%	4%	2%	13%	39%	11%	1%	9,061,665	\$2,709
Laverton	24%	1%	5%	1%	2%	11%	37%	5%	15%	8,719,780	\$11,642

⁸ Under Government Finance Statistics, other economic affairs includes saleyards, tourism and area promotion

Leonora	50%	1%	6%	2%	1%	18%	18%	4%	0%	7,812,329	\$4,167
Meekatharra	1%	1%	5%	3%	4%	7%	39%	3%	38%	7,051,147	\$5,742
Menzies	14%	2%	0%	2%	2%	7%	53%	2%	18%	4,859,233	\$20,079
Mount Magnet	2%	0%	0%	0%	0%	4%	91%	2%	0%	29,073,358	\$45,498
Murchison	11%	0%	1%	3%	0%	0%	70%	9%	7%	4,759,197	\$42,493
Ngaanyatjarraku	2%	1%	17%	8%	0%	20%	50%	2%	0%	5,154,554	\$3,341
Port Hedland	9%	4%	8%	2%	5%	39%	17%	16%	2%	24,714,860	\$1,690
Roebourne	9%	3%	3%	2%	4%	34%	18%	25%	3%	36,134,707	\$1,888
Sandstone	17%	1%	0%	2%	2%	6%	62%	6%	3%	3,966,681	\$27,739
Shark Bay	26%	1%	3%	1%	1%	25%	27%	16%	0%	4,431,601	\$4,522
Upper Gascoyne	12%	1%	0%	0%	0%	2%	77%	0%	8%	5,774,210	\$17,498
Wiluna	10%	1%	5%	4%	1%	14%	47%	2%	15%	5,894,917	\$7,902
Wyndham-East Kimberley	18%	2%	4%	2%	7%	20%	29%	17%	1%	14,579,588	\$1,829
Yalgoo	19%	1%	1%	3%	1%	6%	36%	2%	30%	3,199,077	\$12,072
TOTAL	15%	2%	4%	2%	3%	19%	39%	11%	6%	275,614,949	\$2,759

Source: WA LGGC

3.3.2 Northern Territory

Remote Councils in the NT account for 25% of the population but represent 65% of local government outlays in the NT. Some 46% of outlays are in general public services, primarily administration and governance costs. These councils account for 98% of Territory-wide expenditure on Education, Health and Welfare by councils and it is in these functions that the remote NT shires differ from the other NT councils.

There are however significant variations by function between individual councils. In the Tiwi Islands, 40% of outlays are in the economic affairs function (which includes transport), while in Barkly, Belyuen, and East Arnhem more than 20% of outlays are in Health, Education and Welfare.

Table 3.9: Expenditure by Function, NT Remote Councils 2009/10

Local Government	General Public Services	Public Order & Safety	Health, Education Welfare	Housing & Community Amenities	Env. Protect.	Rec. Culture Religion	Ec. Affairs incl. Transport	Total Expend. \$	Expend./capita
Barkly	54.3%	0.0%	21.7%	9.9%	1.4%	7.2%	5.6%	\$34,515,224	\$4,239
Belyuen	48.6%	0.0%	25.1%	17.4%	0.1%	8.8%	0.0%	\$1,347,735	\$6,448
Central Desert	44.5%	10.4%	10.7%	29.0%	2.2%	1.2%	2.0%	\$27,272,122	\$5,656
East Arnhem	31.8%	4.4%	22.7%	11.7%	0.9%	5.1%	23.4%	\$45,483,224	\$4,509
MacDonnell	94.1%	0.0%	0.0%	0.0%	0.0%	0.0%	5.9%	\$39,789,668	\$5,483
Roper Gulf	40.0%	7.0%	2.3%	40.0%	1.3%	6.8%	2.6%	\$35,086,512	\$4,981
Tiwi Islands	31.0%	4.1%	5.2%	17.7%	0.1%	1.8%	40.1%	\$18,790,222	\$7,409
Victoria Daly	40.5%	0.0%	12.5%	21.3%	0.0%	3.2%	22.6%	\$41,290,959	\$5,872
West Arnhem	27.8%	6.3%	6.8%	21.1%	0.6%	7.9%	29.4%	\$38,787,843	\$5,611
Total Remote	46.3%	3.7%	10.9%	18.1%	0.8%	4.4%	15.8%	\$282,363,509	\$5,225
Other NT Councils	24.7%	3.7%	0.5%	16.7%	8.2%	22.3%	24.0%	\$152,479,217	\$915
Total NT	38.7%	3.7%	7.2%	17.6%	3.4%	10.7%	18.7%	\$434,842,726	\$1,970
% Remote of Total NT	77.7%	65.4%	97.8%	66.7%	14.8%	26.6%	55.0%	64.9%	

Source: NT LGGC

A high proportion of NT Council expenditure is on Agency and Commercial Services rather than core services. For example, the Central Desert Shire Budget for 2011/12 shows these non-core services accounting for 66.4% of outlays while that of Victoria-Daly Shire show some 60% of outlays on these services.

3.3.3 Queensland

3.3.3.1 Non-Indigenous Councils

Table 3.10 provides details of the expenditure profile of the 22 remote councils in Queensland where expenditure data is available. No data is available in a consolidated form for the 17 Indigenous councils other than for Aurukun and Mornington Island. These remote councils account for less than 6% of local government recurrent outlays in Queensland.

The key difference in the expenditure profile relates to the economic affairs function (primarily roads). Just over 60% of total outlays by these remote councils is on roads compared with only 26% for the rest of Queensland councils. Remote councils also have a lower level of expenditure on housing and community amenities which includes water supply and sewerage.

Table 3.10: Expenditure Profile Remote Queensland Councils

Function	Remote Rural	Other Qld Councils
General Public Services	21%	32%
Public Order and Safety	1%	1%
Economic Affairs (incl. roads)	60%	26%
Environmental Protection	4%	15%
Housing and Community Amenities (incl. water and sewerage)	5%	13%
Health	1%	1%
Recreation, Culture and Religion	6%	10%
Education	0%	0%
Social Protection	2%	1%
Total \$000	\$473,395	\$7,423,526

Source: Qld LGGC

From this expenditure perspective, these remote Queensland councils are primarily road authorities. Table 3.10 also challenges the proposition that these councils perform a wider range of functions relative to the non-remote councils.

This group of councils is consequently not like the group of councils in the Northern Territory in particular, but also in Western Australia. The main reason that these Queensland councils as a group do not appear similar to those in Western Australia is that the Western Australia group includes a number of larger urban centres (eg Broome, Pt Hedland, Karratha). The smaller WA shires are however quite similar to the Queensland group with a high expenditure concentration on the road function.

Table 3.11 provides details of expenditure by function for each council. In some cases, allocation by function is not complete so care must be taken in interpretation of these figures.

Table 3.11: Expenditure by Function Remote Queensland Council 2009/10

	General Services	Public Order & Safety	Economic Affairs (incl. roads)	Env. Protect	Housing & Comm. Amenities	Rec. & Culture	Ed., Health & Social Protection	Total Exp. \$000s	Expend/capita
Aurukun	22%	1%	31%	3%	19%	6%	18%	\$13,280	\$10,921
Barcaldine	12%	0%	67%	2%	4%	11%	3%	\$37,701	\$11,069
Barcoo	11%		81%	0%	4%	3%	0%	\$16,738	\$48,376
Blackall-Tambo	35%	1%	36%	5%	6%	10%	7%	\$13,077	\$6,269
Boulia	19%	0%	69%	3%	3%	7%	0%	\$15,502	\$33,053
Bulloo	17%	1%	61%	4%	7%	9%	1%	\$11,252	\$29,846
Burke	14%	0%	70%	3%	7%	6%	0%	\$9,072	\$16,375
Carpentaria	17%	3%	53%	4%	13%	7%	3%	\$23,346	\$10,864
Cloncurry	100%			0%			0%	\$18,499	\$5,467
Cook	7%	0%	75%	8%	5%	4%	0%	\$63,166	\$15,887
Croydon	25%		65%	0%	4%	3%	3%	\$11,684	\$42,799
Diamantina	11%		78%	1%	2%	4%	3%	\$34,369	\$106,736
Etheridge	9%	4%	77%	2%	5%	2%	2%	\$24,445	\$26,427
Flinders	-10%	0%	93%	4%	4%	6%	2%	\$26,001	\$14,278
Longreach	19%	0%	46%	6%	9%	9%	9.9%	\$28,663	\$6,598
McKinlay	10%	0%	81%	2%	1%	5%	0%	\$20,463	\$21,677
Mornington	100%			0%			0%	\$13,133	\$11,928
Murweh	14%	1%	54%	7%	8%	13%	2%	\$19,845	\$4,042
Paroo	61%	0%	29%	1%	4%	2%	2%	\$16,717	\$8,568
Quilpie	23%	2%	55%	6%	6%	7%	2%	\$11,564	\$11,173
Richmond	9%		73%	5%	3%	7%	2%	\$15,059	\$15,835
Torres	29%	2%	28%	17%	11%	6%	7%	\$12,598	\$3,405
Winton	21%		58%	2%	4%	6%	8%	\$17,221	\$12,179
Total Remote	21%	1%	61%	4%	5%	6%	3%	\$473,395	\$11,365

Source: Qld LGGC

As for Western Australia and the Northern Territory, there are also significant variations in the share of outlays by function in Queensland. In Aurukun, an Indigenous council where data is available, 19% of outlays are on housing and community amenities and a further 18% on welfare functions (see also Table 3.13 for Aurukun budget breakdown).

Recurrent outlays by these councils are generally in the \$10 million to \$20 million range, far less than the NT remote councils but more similar to the WA councils.

3.3.3.2 Indigenous Queensland Councils

As noted above, consolidated expenditure data is not available for the Indigenous councils. These councils generally perform a broader range of functions in addition to the core local government functions outlined in Appendix A. These functions include:-

- **Employment and Training:** This was a major function of most Indigenous Councils in Queensland. With CDEP reform, only five remote councils in Queensland are the CDEP agency.
- **Public Housing:** Prior to 2008, all Indigenous Councils owned the rental housing assets of the community, and were responsible for tenancy management, rent collection, building maintenance, refurbishment and renewal. Most external funding was of a capital nature aimed at replacement or renovation of existing housing assets. Since 2008, the State Government has offered to take over housing management. All Indigenous councils with the exception of Kowanyama, Lockhart River and Mapoon have given approval in principle for the State Government to take control. The state offers a rates-in-lieu payment of \$2,000 per house which assists the revenue base of Indigenous councils. All new houses are leased through the State agency.

- **Aged care:** A number of Indigenous Councils operate aged care facilities or provide other programs to support the aged (eg HACC programs). These programs are primarily funded by Federal or State agencies.
- **Family Support:** Most Indigenous Councils are involved in a range of family support programs including disability support, child care, playgroups, sport and recreation programs, vacation care, women's shelters, alcohol and drug rehabilitation and local radio operation.
- **Culture:** Most Councils are involved in programs to support Indigenous culture.
- **Justice:** This includes local justice initiatives including alcohol management and previously, community policing. With the loss of CDEP, very few community police are now funded by councils. State police have increased their role in Indigenous communities.
- **Enterprises:** The majority of Councils undertake some specific enterprises such as stores, canteens, service stations and other locality specific businesses.

The above list is not exhaustive. Most Councils operate postal or social security agencies. In some communities, public transport operations are undertaken.

In general terms, Indigenous Councils pick up a range of functions that would be undertaken by either the private sector or by incorporated community groups or even by government agencies in mainstream communities.

As an example of the different focus of services in an Indigenous council, Table 3.12 provides details of recurrent outlays by function as detailed in the Northern Peninsula Area (NPA) Regional Council Annual Report. While a more detailed breakdown is not available, it does reveal the importance of enterprises in the budget of the NPA Council.

The Aurukun Shire budget for 2009/10 also provides some further detail on the scope of functions undertaken as shown by Table 3.13. Housing was a significant function in 2009/10, representing \$2.5 million of what is shown in Table 3.13. Community and Cultural Services represented 14% of the budget and with aged care, child and family support and community justice being the major elements.

Table 3.12 NPA Expenditure by Function 09/10

Function	09/10 expenditure \$000	%
Corporate Governance	\$905	2%
Finance & Information	\$6,618	11%
Community Services	\$1,397	2%
Engineering	\$26,178	44%
Education, Employment & Development	\$6,324	11%
Enterprises	\$17,468	30%
Total	\$58,890	100%

Source: NPA Annual Report 2010

Table 3.13: Aurukun Expenditure by Function, 2009/10

Function	expenditure 09/10 \$000	%
General Admin/Corp Services	\$2,326	18%
Engineering Services	\$2,787	22%
Environment Management	\$129	1%
Community and Cultural Services	\$1,776	14%
Utilities	\$644	5%
Housing, land & sea management	\$2,770	22%
Enterprises	\$1,496	12%
CDEP	\$678	5%
Total	\$12,606	100%

Source: Aurukun Shire Budget 2009/10

3.3.4 Overview of Expenditure Characteristics

As would be expected from the analysis of revenue characteristics, the aggregate expenditure profile reveals the high outlays of Queensland councils when measured on a per capita basis.

In both Western Australia and Queensland roads and other economic affairs dominate the overall outlays, reinforcing the comment made earlier that many of these councils are primarily road authorities.

In the NT, the expenditure per capita on Education, Health & Welfare functions is almost five times that of Western Australia councils and 60% higher than that of Queensland remote councils. However, if data was available for the Indigenous Queensland councils, the outlays on a per capita basis would potentially be similar to that of the NT.

The analysis of expenditure characteristics does challenge the proposition that remote councils provide a wider range of services than other local governments.

While there are many examples of services that are provided that are not common to local government generally (eg television retransmission, health and education facilities, employee housing) it would appear that these services are not necessarily large in a budget sense.

However, those councils that are primarily Indigenous do have a different functional spread as is apparent from the NT data, and this extends well beyond what might be considered as core local government services.

Table 3.14: Overview of Expenditure Characteristics, Remote-Rural Councils 2009/10

State/Territory	% on roads/other economic affairs	% on Education, Health & Welfare	Expenditure/ capita on Education, Health & Welfare	Total Expenditure/ capita
Western Australia	50.0%	4.3%	\$119	\$2,759
Northern Territory	18.7%	10.9%	\$567	\$5,225
Queensland	60.0%	3.3%	\$353	\$10,677

4 Expectations of Rural-Remote and Indigenous Councils

4.1 Issues Vary by Jurisdiction and Council

While this project is not able to assess differences in community expectations across the range of councils being examined, it is clear that these vary significantly depending on factors such as their demographic structure (particularly in relation to the Indigenous population), their geography and economic base.

Comments made in discussions with both agency and council representatives suggest that a strong common theme across this group of councils is the expectation that they will provide local employment opportunities. Small communities want their council to purchase locally and use local people to provide services. To some extent, this impacts on the way these councils do business. Many are not inclined to use external contractors or engage in joint arrangements with other councils where this might impact on locally based jobs.

4.1.1 Western Australia

In Western Australia, the key concern for most councils in this group relates to expectations about their delivery of local government services in Aboriginal communities. This is primarily a funding concern, although there are also administrative capacity and human resourcing issues to be addressed. Given the high proportion of Indigenous people in a number of these Western Australian councils, and the number and spread of individual communities, these concerns are understandable.

Broome Shire, in its Plan for the Future⁹ notes “... despite ongoing requests to Government to consider generational funding and not just four (4) year funding of Government cycles, local governments in Western Australia of which there are twenty two (22) affected by the Bilateral Agreement have not been able to convince Government to adequately resource local government to provide for the provision of services as detailed in the Bilateral Agreement. This lack of resourcing remains a concern for the Shire of Broome and may affect the intention of the Bilateral Agreement if this is not addressed by Government ... the Shire of Broome remains risk adverse to providing these services without long term generational funding guarantees from Government.”

There is also concern in relation to how any funding provided for these services will impact on Financial Assistance Grants. In theory, as this is funding for local government services, then it may be treated in LGGC methodology by inclusion (added to revenue capacity). However, this assumes that these functions are currently assessed by the LGGC on the expenditure side. Where total population is used for expenditure standards (which includes the Indigenous population in discrete communities), then expenditure need would be assessed at present. However, for some functions (eg roads serving Indigenous communities) then the expenditure need would not be assessed. At present, special funding is provided through the LGGC for roads serving Indigenous communities.

Discussions with the WA LGGC indicate that no decisions have been taken on how any funding for delivery of services to Indigenous communities would be treated in the methodology.

It is important to note that ‘normalisation’ of service delivery to Indigenous communities in Western Australia has been on the agenda for more than 15 years.

⁹ Broome Shire, Draft Strategic and Corporate Plan, 2011 to 2016

A paper prepared by the Western Australian Department of Indigenous Affairs in 1999¹⁰ notes a number of earlier reviews and that “... *the above reports have had a consistent theme ... that services to Aboriginal communities (including local government services) should be provided on an equitable basis to those provided to comparable mainstream communities and that service delivery should be progressively “normalised”. The normalisation of service delivery was envisaged to involve the upgrading of infrastructure to acceptable standards; the application of mainstream planning, building and health regulations; the introduction of rates and charges for essential and municipal services; the vesting of road reserves and service easements in appropriate authorities; and the potential creation of formal townsites ... It is also dependent upon major policy and fiscal reforms as well as an injection of significant capital funds to upgrade infrastructure to acceptable standards.*”

Whether the impediments noted in the 1999 report, along with the current concerns of local government can be addressed by mid-2012 as planned, is not clear at this point. Specific impediments identified in the 1999 report were:

- inadequate resources to service remote areas;
- land tenure and consequential non-rateability of land;
- the ‘private’ nature of Aboriginal communities;
- the availability of services and facilities to remote residents in town centres;
- a history of Federal and State agencies circumventing local government approvals and involvement;
- the current substandard nature of infrastructure;
- the Crown is not expressly bound by all provisions of the Health Act thus limiting the powers of local authorities to enforce health provision;
- the areas in which many Aboriginal communities are located are exempt from building controls and the application of the Building Code of Australia; and
- the polarised views of the parties.

4.1.2 Queensland

In Queensland, the expectations of other government agencies in relation to Indigenous councils has to some extent reduced. Most of these councils are no longer the CDEP provider and many have reduced their direct role in provision of community housing. At the same time, additional funding for core services has become available with the State Government paying an amount of \$2,000 per house in lieu of rates.

The impact of these changes on delivery of core services is difficult to judge. Comments suggest that in some cases service delivery was enhanced, as explained where a council now employs only one person along with appropriate machinery to look after parks and grass slashing. With CDEP, a labour intensive approach was used where work practices were not necessarily efficient. Comment was also made that the administrative burden associated with a program such as CDEP previously diverted attention from core services.

Whether this reflects the common experience across these Queensland councils is difficult to determine as councils previously used CDEP to undertake many core local government services. There may well be examples where service standards have reduced now that councils have to find money for wages from their other revenue.

The reduced role in housing management could also be a benefit to some Indigenous councils. There were previously many difficulties for council personnel in managing extended family tenancies

¹⁰ The Provision of Local Government Services to Aboriginal Communities, Western Australia Department of Indigenous Affairs, November 1999

and achieving rent collections. These internal community problems would have reduced with the changes to housing management via the state agency.

The current Parliamentary Inquiry into financial sustainability of remote councils will follow up on submissions made to the former Public Accounts and Public Works Committee. As noted earlier, remote councils raised many issues in submissions to the inquiry in relation to the range of services they provide and the impact on financial sustainability.

At present, remote councils in the western areas of Queensland are faced with costs associated with the change-over from analogue television to digital where they provide retransmission services in small towns. The LGAQ and the Remote Area Planning and Development Board (RAPAD) have been advocating to the Federal Government for two years regarding the potential “pooling” of the Satellite Subsidy Scheme (available to residents) to instead upgrade self-help retransmission sites where councils choose to do so. The Federal Government has however stated that it will not provide councils with “pooled” funding to upgrade self-help retransmission sites.

There are some 15 councils in remote Queensland currently intending to upgrade retransmission services. Barcoo Shire has estimated that it will cost \$300,000 to convert current services in three towns.

4.1.3 Northern Territory

In the Northern Territory, the differentiation of core services from commercial and agency services through Regional Management Plans is finding its way into shire plans and budgets. However, as noted earlier, more than 50% of remote shire council revenue and expenditure is associated with agency and commercial services. Some NT shire councils are considering separate commercial entities to deliver these non-core services.

Because the shire councils have been in operation for only three years, there is no available evidence on whether core local government services have been enhanced by the changes. On one hand, the larger organisations are able to attract more qualified senior staff, with “backroom” functions such as financial management and human resources being located in larger centres including Darwin and Alice Springs.

There were initial problems with shared IT services, but these appear to have been resolved. Staff turnover is still reported as high. Nevertheless, there is a noticeable improvement in planning and reporting and published information on the activities of councils.

Six of the nine NT remote shire councils are still the CDEP provider. FAHCSIA discussion papers suggest that there will be further changes to CDEP and it is likely that providers other than the shire council will be put in place in the future. This is a concern to some of the current shire councils with large CDEP workforces undertaking in part some core local government functions.

While CDEP was not meant to be used for core local government functions, the reality is otherwise, as CDEP provides a workforce suited to many council services. Councils are concerned that they will not have the financial resources to fund the required jobs from other revenues and to maintain service levels.

Another concern relates to hand over of additional local road responsibilities which are currently undertaken by the NT Government. Councils are concerned that these roads are not of a standard suitable for handover, and to date funding to upgrade these roads is not available.

The handover of roads reflects in part the fact that pastoral land is serviced by much of this network, and such land is now rateable¹¹. But with NT Government rate capping and setting of rates for conditionally rateable land, shire councils may not be able to access an appropriate level of rate income from these and other rateable properties such as major mines. The rate on pastoral land was set by the Minister in 2008 at 0.06 cents of valuation with a minimum of \$300. In the Victoria Daly Shire this meant the average pastoral lease paid only \$1,425 in 2009/10¹².

The rates for mining leases were set by the Minister in 2008 at 0.284 cents of valuation with a minimum of \$710. In practice this meant that a high proportion of mining leases in the NT would pay the \$710 minimum. Some forms of mining tenements are also not rateable at present.

A submission by LGANT to the Productivity Commission¹³ estimated that over \$10 million was the amount of rates foregone as a result of capping at no more than CPI along with the amount of rates on pastoral and mining land being restricted.

A Working Group has been established in the NT to look at the rating framework.

The NT Government agreed to pay a rate equivalent for houses managed by Territory Housing. This was set at \$600 per house (plus \$150 where a waste service is provided) in 2008. As noted earlier, the Queensland Government is paying a rate equivalent of \$2,000 per house. In this context, the \$600 per house in the NT appears low.

There has been some criticism of the change from community government councils operating at the local level in the NT to regional shire councils in relation to the loss of local work opportunities. This will vary from council to council but it is reported that there is an increased use of contractors in some aspects of service delivery. This might be expected in a drive to obtain efficiencies in service delivery but conflicts with the expectations of communities in relation to the council as an important source of local employment as noted earlier.

4.2 Service Delivery to Indigenous Communities

In Queensland, WA and the NT, the role of FAHCSIA in progressing Commonwealth policies in relation to ‘closing the gap’ in service levels for Indigenous communities is an issue for most of these remote-rural and Indigenous councils. There is a perception in some councils that these initiatives are imposed from outside, and do not always adequately involve the relevant local government.

Local Implementation Plans are being developed by FAHCSIA at a community level but do not always appear to adequately engage the relevant local government.

The issue of local government engagement in Local Implementation Plans has been noted by the Coordinator General for Remote Indigenous Services¹⁴. In relation to “*recognising the role of Local Government and ensuring that the detail of Local Government’s service provider commitments be captured in the Local Implementation Plans for each community*” the Coordinator General notes the following:

“COAG has formally recognised the role of Local Government and Local Implementation Plans note a role for Local Government. In addition, Local Government is participating in varying degrees in Remote Service Delivery planning and delivery of commitments – ranging from full

¹¹ Under s. 142 of the NT LG Act, land held under a pastoral lease and land occupied under a mining tenement is conditionally rateable. Conditionally rateable land is only rateable in accordance with a rating proposal approved by the Minister at least 1 month before the commencement of the financial year for which the rates are declared.

¹² Victoria Daly Shire Plan 2009

¹³ Subsequent submission to Productivity Commission on funding for local government, LGANT, March 2008

¹⁴ Office of the Coordinator General for Remote Indigenous Services, Six Monthly Report September 2010 to March 2011.

participation in the Board of Management in the Northern Territory, to participation in Local Implementation Planning Processes in most communities, as well as being service delivery agents meeting Local Implementation Plan commitments to communities.”

“I expect that the engagement with Local Government will continue and be increasingly evident in future development of the Local Implementation Plans.”

As noted earlier, remote councils in Western Australia are concerned about the certainty of long term state and federal funding commitments if responsibility for municipal services in specific Indigenous communities is devolved to local government.

4.3 The Concept of Core Services

The capacity building strategy¹⁵ which this project is addressing notes that “... more realistic expectations might be created by establishing a baseline of core local government responsibilities that can be adequately funded and are within the delivery capacity of small councils.”

Only in the Northern Territory is the concept of core services defined in legislation. This relates to regional management plans but carries through to shire plans. The rationale for this aspect of legislation relates to the variations in settlements brought together when the shires were formed, and the importance of ensuring that basic services were provided in all designated communities.

While some councils might prefer to focus only on a specified range of services, it is considered that seeking to define a specific range of services that are of a “core” nature would be contrary to the long held view of local government on the importance of having a general competency power, putting each council in the driver’s seat in determining priorities for their community.

Councils generally seek to have the flexibility to provide services and facilities that best meet the needs of their particular community. This is illustrated by the diversity in functional priorities identified in Section 3 of this report. The group of councils covered in this project is diverse in terms of geography, demography and economic base.

Local communities, through their local government, need the powers and funding necessary to deliver what they need, with an emphasis on maximising local choice, autonomy and accountability in an efficient and sustainable manner.

The real issue to address is how councils plan for services for their community and address sustainability issues.

4.4 Integrated Planning and Service Delivery Frameworks

Diversity is a key component of local government structure, and councils, through their corporate and community planning processes, seek to identify and prioritise their services based on the needs of their community. In WA, NT and Queensland (and elsewhere) local government legislation requires councils to plan for the future and prepare strategic and corporate plans accompanied by longer term financial plans which best meet the needs of their community in a sustainable manner (see Appendix B for details of frameworks in each jurisdiction).

While it is recognised that the available resources are never sufficient to meet all community expectations, evaluating competing needs is an element of community engagement and prioritisation that is a feature of sound local governance. Sound community plans backed by robust long term financial plans are an important tool in managing community expectations.

¹⁵ Capacity Building Strategy for Rural-Remote and Indigenous Local Government, ACELG, March 2011

Such integrated planning applies to all councils in each jurisdiction. For remote-rural and Indigenous councils, the low proportion of own-source revenue makes long term financial planning difficult because revenue streams are subject to decisions of other spheres of government. Some remote-rural councils have questioned the validity of such long term plans to their situation and needs.

However, a number of small remote councils have also expressed support for such integrated planning and its importance in shaping a sustainable community. The CEO of Lockhart River Aboriginal Shire¹⁶ told the Queensland Parliamentary Committee reviewing the sustainability of remote councils *“...I am hoping that, with the completion of ... the Lockhart community plan, we will have a document that should inform both the internal and external clients about what we need to move forward. The council has got a fairly impressive vision statement. We call it a strong puuya, a strong culture and a strong future. But those words must be translated into action through a well conceived and prepared 10-year community plan. Once that has been accepted, I am hoping that the government will respect the document because that document is home grown. It will at least help the challenges and the expectations and make Lockhart a better place under the current planning scheme community plan vision 2021 for Lockhart.”*

There are however differences in the scope of such plans and what they cover between each jurisdiction. The detail provided in plans and the extent of community consultation undertaken also appears to differ within and between jurisdictions. There may be a need to support some councils in developing ‘fit-for-purpose’ plans appropriate to their circumstances rather than plans which meet the legislative requirement rather than being “home grown” as noted above.

The issue of cost shifting is clearly a concern to this group of councils given their relatively low and constrained own-source revenue base. This does not however preclude these councils from taking on additional responsibilities provided long-term funding commitments are made to complement service devolution. Where particular services are currently delivered by other spheres of government, each local government should have the right to determine whether it wishes to take greater control, and the terms, conditions and funding support required for any hand over of responsibility.

¹⁶ Queensland Parliamentary Committee of Inquiry into the Financial Sustainability of Remote Councils, Transcript of Proceedings, Cairns, September 2011

5 The Issues to Address and Possible Actions

This report has focused on identifying issues in relation to roles and expectations of rural-remote and Indigenous local government in the context of developing capacity to provide sustainable local governance for these communities.

This immediately raises the question of long-term financial sustainability which is an issue for local government collectively across all Australian jurisdictions. It is however a key issue for rural-remote and Indigenous councils where own-source revenue is a relatively low proportion of the total budget.

Matters which have been highlighted from this research include:

1. The **diversity in roles, functions and capacity** across the group of councils.

This means there is a need for a cautious approach to capacity building so that a “one-size-fits-all’ approach is not imposed.

2. The **different functional priorities of individual councils** in the group reflecting their geography, demography and economic circumstances.

This results in some councils being primarily road authorities while others are heavily involved in human services including social welfare. Provided councils have choice in taking on agency programs, along with secure long term funding commitments, there is no reason to suggest that this is not appropriate based on specific needs of each community. Working to ensure more robust funding arrangements, including recurrent costs involved, would assist these councils in their dealings with government agencies.

3. The **importance of sound community, corporate or strategic plans linked to long term financial plans.**

Greater consistency within and between jurisdictions could assist these councils in engaging with their communities on priorities in relation to services, and financial implications.

4. **Different outcomes for similar councils in distributing Commonwealth Financial Assistance Grants (FAG)** due to methodology differences between Local Government Grants Commissions.

While this is an issue beyond rural-remote and Indigenous councils, greater consistency and best practice approaches to FAG distribution might result in an overall increase in resources to this group of councils. However, the current per capita distribution of general purpose funding between States/Territories inevitably means that there can never be equity in funding outcomes for this group of councils across jurisdictions.

5. **Differences in funding support provided to these councils between jurisdictions for similar activities.**

This is best illustrated by the different amounts of rates-in-lieu paid by housing authorities in Queensland and the NT for properties on non-rateable land. While this must be addressed on a jurisdiction basis, dissemination of information on ‘best practice’ approaches is appropriate.

6. A lack of holistic consideration of impacts from changes in program delivery arrangements.

This is best illustrated by the changes in CDEP arrangements which have in the past assisted remote Indigenous councils in overall administration and service delivery. While changes may be desirable in such programs, it is important that potential impacts are recognised and steps to mitigate adverse impacts are taken.

7. Constraints imposed on revenue raising in some jurisdictions.

This is a particular issue for remote NT councils trying to achieve reasonable levels of own-source revenue within current rate-capping.

With remote-rural and Indigenous councils primarily being focused on northern Australia, there may be a role for the recently established Northern Australia Ministerial Forum in considering issues concerning these councils in a more holistic way across jurisdictions. With opportunities to improve service delivery being a key theme of the Forum, such a role could help in achieving a more coordinated response to the issues and concerns of these communities.



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Abbreviations

ABS	Australian Bureau of Statistics
ACELG	Australian Centre of Excellence for Local Government
CDEP	Community Development Employment Program
FAG	Financial Assistance Grant
FAHCSIA	Department of Families, Housing, Community Services & Indigenous Affairs
GPG	General Purpose Grant
HACC	Home & Community Care
IRG	Identified Road Grant
LG	Local Government
LGGC	Local Government Grants Commission
NPA	Northern Peninsula Area
OESR	Office of Economic & Statistical Research
RMP	Regional Management Plan

Appendix A - Local government services

1. NT Shire Councils

Core Services (Based on Core services defined in Regional Management Plans)

Local Infrastructure

- Maintenance and Upgrade of Parks, Reserves and Open Spaces
- Maintenance and Upgrade of Buildings, Facilities and Fixed Assets
- Management of Cemeteries
- Lighting for Public Safety, including Street Lighting
- Local Road Upgrading and Construction
- Local Road Maintenance
- Traffic Management on Local Roads
- Fleet, Plant and Equipment Maintenance

Local Environment Health

- Waste Management (including litter reduction)
- Weeds Control and Fire Hazard Reduction in and around community areas
- Companion Animal Welfare and Control

Local Civic Services

- Library and Cultural Heritage Services
- Civic Events
- Local Emergency Services

Community Engagement in Local Government

- Training and Employment of local people in council operations
- Administration of Local Laws
- Public and Corporate Relations
- Customer Relationship Management, including complaints and responses
- Governance: including administration of council meetings, elections and elected member support
- Administration of Local Boards, Advisory Bodies and Management Committees
- Advocacy and Representation on local and regional issues

Local Government Administration

- Financial Management
- Revenue Growth
- Human Resources
- Asset Management
- Records Management
- Risk Management
- Council Planning and Reporting: Strategic, Financial and Service Delivery Planning and Reporting
- IT and Communications

Non-Core Services

In the Northern Territory, non-core services include commercial services and agency programs funded directly by external sources.

Commercial Services are services undertaken on a full commercial basis with the intention of using profits from commercial activities to improve services to the community.

Agency Services are services that the Council agrees to deliver on behalf of other Government Agencies on a fee for service basis. It is anticipated that these services would be fully funded by the relevant agency and that funding would include a contribution to administrative costs associated with delivering the service.

Programs include:

- Community Aged Care Packages (CACP)
- Home and Community Care (HACC)
- Arts and Culture Programs
- Media Services (BRACS)
- Crèche/Child Care
- Employment, Training and Community Development Employment Program (CDEP)
- Community Safety (Night Patrol)
- Sport and Recreation
- Youth Services
- PowerWater Contracts
- Centrelink Agency
- Australia Post Agency
- Airstrip Maintenance and Reporting
- Horticulture and Landcare
- Housing Operations Program
- Indigenous Environmental Health

In Roper Gulf and Central Desert Shires, these non-core services accounted for approximately 65% of annual outlays in 2010/11 (Source: Annual Plans for Roper Gulf and Central Desert).

2. WA Local Government

Scope (Based on WALGA Submission to Cost Shifting Inquiry 2002)

Governance

Council office, Council transactions, governance, leadership, advocacy, information, pensioner rebate scheme, public relations, marketing, performance management, community consultation, agency arrangements, collection of Emergency Services Levy

Law, Order & Safety

Animal control, security patrols, public nuisances, street lighting, public space control, litter control, beach patrols, fire services, natural disaster relief and mitigation, State Emergency Services

Education and Welfare

Public awareness campaigns, community education, aged care, meals-on-wheels, home care, respite care, youth services, disability access, counselling, community development, multicultural services, support of community organisations

Health

Inspection/licensing of food and other premises, child care, community health, immunisation, hospitals

Housing

Rental housing, staff housing

Community Amenities

Refuse services/waste management, noise control, protection of the environment, town planning

Recreation & Culture

Parks, playgrounds, sporting fields and venues, swimming pools, libraries, public internet, galleries, museums, heritage, festivals, cemeteries, public halls, community art, tourism, area marketing

Transport

Roads, footpaths, traffic control, parking, public transport, ferries, barge landings, jetties, airports

Economic Services

Building control, economic development, caravan parks, camping areas, other business activities, saleyards, quarries

Primary and Secondary Services for Indigenous communities

A 2008 review by the Local Government Advisory Board on Local Government service delivery to Indigenous communities recommended that local government services be divided into primary and secondary services.

Under the framework developed for scoping and costing local government services in remote Indigenous communities the **primary services** have been defined as:-

- Waste collection and disposal, separation and recycling; and landfill management;
- Community management, administration and governance, including HR functions;
- Maintenance and upgrades of access roads;
- Maintenance and upgrades of internal community roads, including footpaths, verge maintenance, drainage and road signage;
- Street lighting;
- Environmental health programs (including animal welfare and control, food preparation and handling, monitoring of wastewater systems, dust control and landscaping);
- Town planning and building controls;
- Cemetery management;
- Maintenance of community airstrips and barge/jetty landings;
- Maintenance and upgrade of local government controlled buildings, facilities, ovals and playgrounds, fixed assets, incorporating fleet and plant management;
- Emergency management including cyclone preparations and clean-ups and fire prevention.

The **secondary services** are defined as:-

- Aged and disabled services;
- Library services;
- Community development programs; and
- Maintenance and upgrades of parks and open spaces.

3. Queensland Local Government

Scope (Based on LGAQ Submission to Cost Shifting Inquiry 2002)

General Public Services

Council office, Council transactions, governance, leadership, advocacy, information, pensioner rebate scheme, meeting rooms, public halls, showgrounds, community consultation, agency arrangements, collection of Fire Service Levy for State

Public Order & Safety

Animal control, night patrols, public nuisances, street lighting, public space control, litter control, lifeguards, control of declared pests/plants, wild dog control, fire services, natural disaster relief and mitigation, SES

Education

Public awareness campaigns, community education

Health

Inspection/licensing of food and other premises, control of vermin, vector control, refuse services/waste management, community health, immunisation,

Social Security and Welfare

Child care, aged care, meals-on-wheels, home care, respite care, youth services, disability access, counselling, community development, support of community organisations

Housing and Community Amenities

Public housing (eg aged), hostels, land development, town planning, building control/certification, public conveniences, picnic areas, barbeques, environment protection, natural resource management, acquisition/management of areas of environmental importance, beach control, licensing environmentally relevant activities, recycling, erosion control, cemeteries

Recreation & Culture

Parks, playgrounds, sporting fields and venues, swimming pools, libraries, public internet, galleries, museums, heritage, festivals

Transport and Communications

Roads, footpaths, traffic control, parking, public transport, ferries, barge landings, jetties, airports, television services, internet services

Other Economic Affairs

Economic development, tourism promotion, industrial estates, residential land, tourist facilities/venues, hotels, caravan parks, camping areas, other business activities, saleyards, quarries

Essential services

Water supplies, waste water systems, gas, drainage, flood mitigation

Indigenous Council Services

Indigenous Shire Councils in Queensland have the full range of functions common to mainstream Councils in Queensland. However, in some functions they have a much greater role and responsibility:

- involvement in community employment and training programs,
- cultural programs,
- community justice,
- enterprises including supermarkets, service stations, hotels, motels, community building teams, farms, building materials such as concrete and blocks,
- public housing programs.

4. CDEP

The Commonwealth Community Development Employment Program (CDEP) was a major program for Indigenous local governments in Queensland and the Northern Territory. While there has been a significant restructure of CDEP in recent years, the following councils remain as CDEP providers in Queensland and the Northern Territory (Source FAHCSIA):

- **Queensland:** Kowanyama, Northern Peninsula Area, Mornington, Cherbourg and Paroo Shire
- **Northern Territory:** Central Desert, Tiwi Islands, West Arnhem, Roper Gulf, Victoria Daly, Barkly

Appendix B – Overview of Integrated Community Planning Frameworks

Queensland

The following documents form the basis of the Queensland Planning and Accountability framework:

A long term **Community Plan** outlining the local government’s vision and how it will implement the vision via goals, strategies and policies. It is structured by the areas of economic development, environmental management, governance and social well-being and is developed according to the community engagement policy requirement.

A **long term Financial Plan** (10 year) that includes an investment policy, debt policy, procurement policy and revenue policy.

A long term **Asset Management Plan** outlining sustainable asset management strategies, estimated capital expenditure for asset renewal, upgrade and extension, an asset improvement program and must be integrated with the long term Financial Plan.

A five year **Corporate Plan** that sets the strategic direction for the local government, includes performance measures to monitor progress in achieving the vision stated in the long term Community Plan and states how the Community Plan will be implemented. The engagement process must be included.

An **Annual Operational Plan** stating the proposed outputs, activities to deliver the outputs, performance measures to monitor delivery of outputs and be integrated with the Corporate Plan.

An **Annual Report** that outlines prescribed components including financial statements, general purpose financial reports and financial sustainability measures along with other specified matters.

Western Australia

Section 5.56(1) and (2) of the WA LG Act requires that each local government is ‘to plan for the future of the district’, by developing plans in accordance with the regulations.

The *Local Government (Administration) Regulations 1996* was amended in August 2011 to require each local government to adopt a Strategic Community Plan and a Corporate Business Plan.

The new regulations specify what a ‘plan for the future’ should involve. In particular, local governments are formally required to develop and adopt two new planning instruments (with a phase-in period to 2013):

- **Strategic Community Planning** – Resulting in a 10+ year Strategic Community Plan which sets out the vision, aspirations and objectives of the community in the district.
- **Corporate Business Planning** – Resulting in an ongoing and integrated Corporate Business Plan that activates Strategic Community Plan priorities. The Corporate Business Plan incorporates four to five year priorities set by Council and a ten year rolling financial plan. It integrates matters relating to resources, including asset management, workforce planning and long-term financial planning. Annual reviews drive the operations of the local government within its resourcing capabilities.

Annual Budgets are then aligned with strategic objectives which result from these planning processes.

The **Annual Report** must provide an overview of the plan for the future of the district, including major initiatives that are proposed to commence or to continue in the next financial year along with a financial report and other prescribed information.

Northern Territory

The LG Act specifies requirements on planning at the regional and local level. This includes **regional management plans** and **municipal or shire plans**.

Municipal or shire plans must contain:

- a **service delivery plan** for the period to which the municipal or shire plan relates prepared in accordance with planning requirements specified in a relevant regional management plan; and
- the council's **budget**; and

They also must contain, or incorporate by reference:

- (i) **any long-term community or strategic plans** adopted by the council or a local board and relevant to the period to which the municipal or shire plan relates; and
- (ii) the council's **long-term financial plan**.

In addition they must contain, or incorporate by reference, the council's most recent assessment of:

- (i) the adequacy of constitutional arrangements presently in force for the council under this Act and, in particular, whether they provide the most effective possible representation for the area; and
- (ii) the opportunities and challenges for local government service delivery in the council's area; and
- (iii) possible changes to the administrative and regulatory framework for delivering local government services in the council's area over the period to which the plan relates; and
- (iv) whether possibilities exist for improving local government service delivery by cooperation with other councils, or with government agencies or other organisations; and

The Plan must define indicators for judging the standard of its performance.

A **long-term financial plan** must relate to a period of at least 4 financial years and must contain:

- (a) a statement of the major initiatives the council proposes to undertake during the period to which the plan relates; and
- (b) projections of income and expenditure for each financial year of the period to which the plan relates; and
- (c) the council's proposals for the repair, maintenance, management and development of infrastructure for each financial year of the period to which the plan relates.

An **Annual Report** must also contain an assessment of the council's performance against the objectives stated in the relevant municipal or shire plan as well as audited financial statements.

New South Wales

While this report has not discussed the two councils in NSW (Central Darling and Cobar) defined under ACLG as remote, the planning framework has been summarised to provide some additional context on expectations of jurisdictions on the way in which an integrated approach to planning and service delivery is taken.

The integrated planning framework for New South Wales councils consists of:

A **Community Strategic Plan** with a minimum 10-year timeframe that outlines community aspirations and priorities, addresses quadruple bottom line issues (social, environmental, economic and civic leadership), identifies objectives and strategies, gives regard to the State Plan and other relevant state/regional plans, and is developed based on social justice principles;

A **Resourcing Strategy** to ensure delivery of the Community Strategic Plan that includes long term Financial Planning (10 year), Workforce Planning and Asset Management Planning;

A **Delivery Program** developed for each four year period following the election outlining the key activities Council will undertake to meet the objectives identified in the Community Strategic Plan within the constraints of the Resourcing Strategy, and a method for assessing performance.

An **Operational Plan** is a sub-plan of the Delivery Plan that outlines the key activities to be undertaken throughout a financial year and includes a Statement of Revenue Policy.

An **Annual Report** that outlines achievement of the Delivery Program and the Community Strategic Plan, a State of the Environment Report and the audited financial statements.

The development of the above key components is subject to prescribed community engagement requirements.

ABOUT ACELG

ACELG is a unique consortium of universities and professional bodies that have a strong commitment to the advancement of local government. The consortium is led by the University of Technology Sydney's Centre for Local Government, and includes the University of Canberra, the Australia and New Zealand School of Government, Local Government Managers Australia and the Institute of Public Works Engineering Australia. In addition, the Centre works with program partners to provide support in specialist areas and extend the Centre's national reach. These include Charles Darwin University and Edith Cowan University.

PROGRAM DELIVERY

ACELG's activities are grouped into six program areas:

- Research and Policy Foresight
- Innovation and Best Practice
- Governance and Strategic Leadership
- Organisation Capacity Building
- Rural-Remote and Indigenous Local Government
- Workforce Development

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