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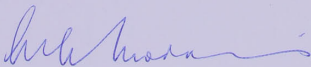
CABINET DECISION

No. 4291

Submission No.: 3663

Title: DEVELOPMENT OF LOCAL GOVERNMENT
IN THE DARWIN RURAL AREA

Cabinet deferred further consideration until the meeting to be held on 3 September 1985.



A.G. MORRIS,
Secretary to Cabinet.

30 August 1985

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FOR CABINET

SUBMISSION No:3663.....

Title:

Development of Local Government in the Darwin Rural Area

Minister

The Hon Barry Coulter, M.L.A.
Minister for Community Development

Purpose:

To seek Cabinet endorsement for the implementation of Local Government in the Darwin rural area.

Relation to existing policy:

In accordance with Cabinet Decision No. 4094 of 24 May 1985, which approved in principle the establishment of Local Government in the Darwin rural area.

Timing/legislative priority:

To be implemented prior to 6 September 1985 to enable elections in December 1985.

Announcement of decision, tabling, etc:

Action required before announcement:

Staffing implications, numbers and costs, etc:

Total cost:

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Department/Authority.....NORTHERN TERRITORY..TREASURY.....

COMMENT ON CABINET SUBMISSION No.

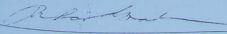
TITLE:DEVELOPMENT OF LOCAL GOVERNMENT IN THE DARWIN RURAL AREA.....

COMMENTS:

The development of local government in the Darwin rural area is supported in principle.

The submission suggests that rate revenues be the balancing items derived from deducting estimated grants and subsidies from present expenditure levels on local government services. This approach is supported as an interim measure, but will possibly result in a lower revenue raising effort than in other local government areas.

It is recommended that in the longer term the appropriate level of grants and the question of reasonable revenue raising effort should be addressed by the Northern Territory Grants Committee as part of its annual assessment program.


SIGNED: R C MADDEN

DESIGNATION: UNDER TREASURER

DATE: 20.8.85

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Department/Authority LAW

COMMENT ON CABINET SUBMISSION No.

TITLE: DEVELOPMENT OF LOCAL GOVERNMENT IN THE DARWIN RURAL AREA

COMMENTS:

There appear to be no constitutional or legal barriers to the proposal.

SIGNED: S.R. BAILEY 

DESIGNATION: DIRECTOR, EXECUTIVE & POLICY UNIT

DATE: 20 August, 1985

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NORTHERN TERRITORY OF AUSTRALIA

G.P.O. BOX 4396
DARWIN N.T. 5794
TELEPHONE: 89 6172

SECRETARY
DEPARTMENT OF THE CHIEF MINISTER

The Secretary
Department of Community Development
GPO Box 1197
DARWIN NT 5794

CABINET INFORMATION PAPER ON THE DEVELOPMENT OF
LOCAL GOVERNMENT IN THE DARWIN RURAL AREA

I refer to your letter of 16 August 1985 in which you seek comments on the above Cabinet Information Paper.

I have no particular comment to make about the substance of the Information Paper. However, there are a number of matters of presentation and compliance with the Cabinet Handbook, which require comment :-


- the submission is more than an "Information Paper", as it seeks Cabinet endorsement of a number of proposals. Information Papers should contain in the Recommendations section only that Cabinet note the paper;
- the section 'Consideration of the Issues' is where the issues should be examined and analysed. This section should logically lead into the 'Options' section, where the principal practical options are stated. As the submission now stands, the 'Consideration of the Issues' section is essentially an extended 'Options' section;
- Para 7 of the submission states that "the options are to proceed with the development of local government in the Darwin rural area or not to proceed". Given that Cabinet, by Decision No. 4094 of 24 May 1985, has already decided in principle to proceed with the establishment of local government in the Darwin rural area, I see the issue being how, rather than whether, to proceed;

.../2

- I understand that determination of a rating system will be a matter for the new local authority to decide, and that the rating system proposed in the submission represents the Territory Government's "preferred option". If so, this could be brought out more clearly in the submission;

- the submission should contain a "Publicity" section.

Yours sincerely,


R D ALLEN
for Secretary

THE ISSUES

1. Options for the development of Local Government in the Darwin Rural Area.

BACKGROUND

2. In March 1983, the then Minister for Community Development, the Hon Ian Tuxworth, M.L.A., established the Darwin Rural Advisory Council to consider the options for a form of local government in the Darwin rural area. The report of the Darwin Rural Advisory Council was handed to the Government in June 1984, and subsequently was circulated to the public for comment. Thirty-three public responses were received and a considerable amount of public debate was generated. Whilst the report's findings were not unanimously accepted, some general principles emerged that did receive wide support throughout the community. These principles were:

- neither the Darwin City Council boundary be extended into the rural area, nor the rural area become wards of the Town of Palmerston;
- that the level of municipal services be in accordance with a rural lifestyle;
- that the imposition of rates in the immediate future is inevitable;
- that the rating system must be equitable.

3. Since this report was handed to Government, there have been several significant events which have impacted upon local government throughout the Northern Territory. These have been:

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- the review of Commonwealth funding to Local Government (National Inquiry into Local Government Finance - Self Inquiry);
- the review of funding relativities to the States and the Northern Territory by the Commonwealth Grants Commission;
- the establishment of the new Town Council at Palmerston.

These events were not foreseeable at the time the Darwin Rural Advisory Council report was written.

4. At the Northern Territory Local Government Conference in March 1985, the Chief Minister, the Hon Ian Tuxworth, M.L.A., announced the Northern Territory Government's policy on towns and communities not already incorporated as follows:

"In general, residents of unincorporated towns and communities should make an appropriate contribution toward the cost of local government services provided to them, directly or indirectly, by the Northern Territory Government."

5. These sentiments were reinforced by the report of the Commonwealth Grants Commission and the outcome of the Premiers' Conference and the Mini-Budget.
6. Cabinet Decision No. 4094 of 24 May 1985 approved in principle the establishment of Local Government in the Darwin outer rural area.

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CONSIDERATION OF THE ISSUES

7. The options are to proceed with the development of local government in the Darwin rural area or not to proceed.

OPTIONS

The Development of Local Government in the Darwin Rural Area -
Option 1

8. To develop local government in the Darwin rural area, there are two primary issues. The first is the form of local government and the second is the nature of the rating system.
9. The first issue - the form of local government for the Darwin rural area - can be broken down into an argument for or against representation. The Darwin Rural Advisory Council Report recommended an appointed body consisting of three commissioners. The Northern Territory Government's preferred option is for a fully-elected council, comprising one person elected from each of four wards and a mayor or president elected from the whole municipality.
10. The preference for a fully-elected body rather than an appointed body, has been widely supported during discussions throughout the recent months with various groups in the community. The proposal has also been accepted by the members of the Darwin Rural Advisory Council as being the preferred option in the light of the changed circumstances.
11. The second issue - the nature of rating - can also be broken down into two major arguments. The first, as recommended by the Darwin Rural Advisory Council's Report, is for a flat rate with a number of concessions.

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12. The second, being the Government's preferred option, is for a land based rating system based on unimproved capital values (U.C.V.). This system is in line with the provisions of the Local Government Act and is a tried and proven method of raising local government finance throughout Australia. It has the advantage of:

- being based on an independent assessment made by the Northern Territory Valuer-General;
- taking into account people's capacity to pay by reflecting in the market value for the property the choice of the resident to live in an area with a particular level of services provided.

13. The method suggested by the Darwin Rural Advisory Council has several drawbacks, mainly:

- the system is unresponsive to the capacity of people to pay;
- the method of collecting the rate is regressive (not taking into account people's choice of where they wish to live in relation to the services provided);
- administratively, very difficult to implement.

14. In order to assess the level of rates required to be raised by a municipal body, an estimate of the amount obtainable through grants and subsidies by the new municipality has been deducted from the total amount expended in the Darwin rural area by the Government on municipal services at the present time.

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The balance, therefore, is the amount that has to be collected by rates and charges. This amount has been assessed at approximately \$300,000.

15. Using the U.C.V. rating system, a rate of 0.5 cents in the dollar, would return \$325,000. Further to this, a minimum rate of \$65 per property has been recommended, together with an urban farmland rate of 0.25 cents in the dollar. Details of the proposed rating system are at Attachment A
16. A summary of the effect of this proposal is as follows:
 - . approximately 30% of property owners throughout the municipality would pay the minimum of \$65 per annum;
 - . more than 85% of property owners would pay \$100 per annum or less;
 - . the average rate throughout the municipality is approximately \$85 per annum.

Not to Proceed with Local Government in the Darwin Rural Area
- Option 2

17. To follow this option would have a negative impact at this stage, as community expectations are that the Government will proceed with a fully-elected form of local government and a land based rating system for this area.
18. TIMING

To proceed with Option 1, the following timetable is recommended to establish an elected local government body:

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6 September 1985	-	Constitution of Shire
11 October 1985	-	Enrolment Day
9 November 1985	-	Nomination Day
7 December 1985	-	Election Day

Additionally, the rating system outlined above should be commenced from 1 July 1986.

PUBLIC IMPACT

19. The early implementation of Option 1 is regarded as being desirable. A number of public meetings in the Darwin rural area, together with meetings from selected members of the community, have given rise to an expectation that the implementation of local government is imminent. There has been wide coverage of this issue in the press in recent months.

CO-ORDINATION AND CONSULTATION

20. The Chief Electoral Officer for the Northern Territory has been consulted throughout the development of this proposal and has prepared ward boundaries for the new municipality, (see Attachment B).
21. The Department of the Treasury and the Northern Territory Valuer-General have also been consulted.

LEGISLATION

22. The legislation for the establishment of a new municipality is in place - the Northern Territory Local Government Act.

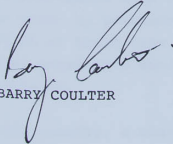
RECOMMENDATION

23. That Cabinet approve Option 1:

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- (a) the constitution of a new municipality in the Darwin rural area by 6 September 1985;
- (b) the new municipality be known as the Shire of ...and consist of four wards;
- (c) the four wards of the Shire of ... be known as:
 - Ward
 - Ward
 - Ward
 - Ward
- (d) that elections for one alderman from each ward and a mayor or president from the whole of the shire be held on 7 December 1985;
- (e) that an unimproved capital value rating system be commenced from 1 July 1986.


BARRY COULTER

26.8.85.
Date:

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RATING POLICY FOR DARWIN RURAL SHIRE

1. In initially setting up a rating system, the Government's objective is to provide a model which will enable an elected body for the rural area to derive an acceptable level of income from rates particularly during its formative years of operation without unduly placing a rate burden on its residents.

2. To establish a locally elected body and to provide it with sufficient resources to effectively administer the area, the minimum revenue to be raised from rating has been estimated to be somewhere in the order of \$300,000 for its first year of operation. A uniform general rate of 5 cents in the dollar on the unimproved capital value of rateable properties would raise this amount, calculated as follows:

$$\$65 \text{ million (total rateable U.C.V.)} \times 0.5\text{¢ in } \$ = \$325,000$$

3. It is proposed that a special rate (urban farmland rate) would be struck to reduce the rate burden on those people who earn their living from the land. This rate would be one-half of the general rate and be applied uniformly throughout the Shire.

4. In accordance with Government policy, special attention would be given to pensioners who would receive a concession of 62.5% of their rate bill. Under the rating system proposed, most pensioners would pay rates of only between \$24 and \$38 annually.

5. Additionally, a minimum rate of \$65 per annum would be applied.

6. Also, it is proposed that land which forms part of a pastoral lease be rated equivalent to the valuation of a 320 acre property based on the best access onto the pastoral lease. Such valuation would be determined by the Northern Territory Valuer-General.

7. Under the Local Government Act, provision is made for rates to be deferred in genuine cases where the payment of such rates would cause hardship. Furthermore, provision is included in the Act for the whole or part of rates to be waived in exceptional circumstances.

SUMMARY

- (a) General Rate of 0.5 cents in dollar

- (b) Urban Farmland Rate of 0.25 cents in dollar

- (c) Minimum Rate of \$65 p.a.

- (d) Pensioner concession of 62.5% of rate bill to apply

- (e) Pastoral leases - rated equivalent to the valuation of a 320 acre property based on the best access onto the pastoral lease.



Scale: 1:250 000