



Local Government Association of the Northern Territory

LGANT Submission to Northern Territory Revenue Discussion Paper

Via email to: RevenuePaper.dtf@nt.gov.au

8 February 2018

About this submission

The Local Government Association of the Northern Territory (LGANT) makes this submission in response to the government's invitation to provide submissions on its discussion paper *Northern Territory Revenue*.

The submission is divided into two parts, namely:

1. LGANT policies on revenue
2. LGANT responses to the discussion paper.

With Part 2, commentary is confined to the issue of property taxes which LGANT strongly opposes.

In terms of all the other taxes LGANT does not support any of them. LGANT considers that in the context of the Northern Territory Budget the small amounts of revenue raised from the taxes proposed makes them not worth pursuing. LGANT considers that efficiency gains from operations within the Northern Territory public service offer better options for the government.

LGANT also contends that local government needs the support of the Northern Territory Government to assist it raise its own revenue which it achieves primarily through the imposition of property rates. Having conditionally rateable land in the Northern Territory inhibits local government's revenue raising capacity and makes local government more reliant on Northern Territory Revenue. Easing this reliance could be achieved if the legislative constraints relating to conditionally rateable land were removed as policy 1.2 (b) below requests.

1. LGANT policies on revenue

LGANT's policies are approved at either:

- general meetings which are held biannually and attended by most of its 17 member councils
- monthly Executive meetings of LGANT's Board.

LGANT's policies reflect its revenue policies some of which have application to the discussion paper.

1.1. Access to Taxation Receipts

- (a) LGANT supports access by Local Government to an equitable share of the general taxation revenue to meet its roles and functions within the Australian Federal



Local Government Association of the Northern Territory

system. (Amendment approved at Executive meeting 31 July 2009 - Agenda item 6.2)

- (b) LGANT believes that problems resulting from the vertical fiscal imbalance in the Australian system of government must be addressed cooperatively by all three spheres of government.

1.2. **Revenue Sources**

- (a) LGANT supports councils having autonomy and flexibility in determining sources of local revenue.
- (b) **LGANT calls on the Territory Government to amend the *Local Government Act* so that the provisions relating to conditionally rateable land are removed."**
- (c) LGANT supports councils having the power to undertake their own business enterprises and commercial activities and using the profits from these as supplementary sources of revenue.
- (d) LGANT supports the entitlement of Local Government to make a charge for the use of council owned and controlled land where utilities (eg gas, electricity, and telecommunications) carry on their business with a view to making a surplus or profit.
- (e) LGANT supports councils having access to revenue growth, from own-source revenues and government grant revenues to enable them to fulfil their obligations to communities. (Adopted at the AGM October 2006)

1.3. **Commonwealth Revenue Sharing**

- (a) LGANT supports 1% of Commonwealth general taxation revenue being allocated to Local Government.
- (b) LGANT supports general revenue sharing grants remaining untied.
- (c) LGANT supports the Northern Territory Local Government Grants Commission as the most appropriate mechanism to distribute revenue sharing funds to councils.
- (d) LGANT supports the allocation of Federal Assistance Grants (FAG's) to Local Government in the NT on the same basis as the Commonwealth provides funds to the Northern Territory Government.

1.4. **Specific Purpose Grants**

- (a) LGANT supports the Commonwealth and Territory Governments continuing to provide specific purpose grants to councils in order to achieve particular national or Territory objectives. These grants must not be at the expense of untied revenue sharing.
- (b) LGANT supports the Local Government Accounting Advisory Committee, in collaboration with Commonwealth and Territory agencies, having carriage of the task of rationalising and harmonising financial reporting and acquittal processes for special purpose grants paid to local governments in the Northern Territory. (Adopted at GM November 2007)



Local Government Association of the Northern Territory

1.5. *Inter Government Concessions*

- (a) LGANT seeks the abolition of the unreasonable Fringe Benefits Tax rate impositions on Local Government.
- (b) LGANT calls on the Commonwealth and Territory Governments to ensure that funds available for disaster relief flow to those in need without delay.
- (c) LGANT believes that Commonwealth and Territory Government business enterprises should pay normal Local Government rates and charges directly to the council(s) concerned.
- (d) LGANT supports councils not having to subsidise Commonwealth and Territory concessions to pensioners or other beneficiaries.

1.6. *Service Provision for Other Governments*

- (a) LGANT does not support councils collecting revenue or providing services for other spheres of government unless all the costs (including on costs) involved are fully reimbursed.

1.7. *Financial Accountability*

- (a) LGANT recognises the responsibility of Local Government to be fully accountable to the community.
- (b) LGANT supports stern action being taken against any person misappropriating council funds.
- (c) LGANT recognises that it has a leadership role in promoting reforms which benefit Local Government.
- (d) LGANT supports cooperation and resource sharing between councils to improve the efficiency of service delivery.

1.8. *Financial Reporting and Grant Acquittals*

- (a) LGANT calls on the Territory and Australian Government's to agree on a standardised report format for acquitting data applicable to their grants so that:
 - standardised templates (encompassing common periodic reporting) for grant acquittals can be accepted across agencies;
 - council personnel can access templates online to generate reports;
 - data transfer is possible between council business systems and agreed templates;
 - the costs of acquitting grants for all spheres of government is reduced;
 - there are common audit procedures for acquitting grants, and
 - the terms, conditions and definitions to do with grants are standardised.

(Policy adopted at Executive meeting 31 July 2009 - Agenda item 6.2)



Local Government Association of the Northern Territory

1.9. *Electronic Commerce*

- (a) LGANT supports the use of electronic commerce to increase the efficiency of council business transactions. This should include arrangements for accessing Commonwealth grants and lodging returns or audit statements.
- (b) LGANT supports audit reports required under the Local Government Accounting Regulations being the primary document for satisfying the acquittal and audit of all funding. (Policy adopted at Executive meeting 7 June 2006 Item 10.1.1)
- (c) LGANT supports IT infrastructure in local government being configured and supported to meet the requirements of the Australian Government. (Policy adopted at Executive meeting 19 May 2008 Item 10.2.2)

2. Responses to the discussion draft

LGANT agrees with the objectives of the discussion paper.

LGANT (as mentioned) is strongly opposed to the introduction of property taxes because they:

- duplicate and 'crowd out' local government from the only tax it can impose, that is rates
- limits the capacity of local government to raise rate revenue
- confuse the public as to why there needs to be virtually the same taxes from two spheres of government.

Yours sincerely

A handwritten signature in black ink, appearing to read 'T Tapsell', written in a cursive style.

Tony Tapsell
Chief Executive Officer