

**Carpentaria Shire Council's response to  
Public Accounts and Public Works Committee  
Review of Auditor-General's Reports – Remote Council Issues  
Discussion Paper – October 2010**

---

**Consideration Points:**

**1. What are the impediments experienced by remote councils to achieving financial sustainability?**

In July 2010 Queensland Treasury Corporation (QTC) reviewed Carpentaria Shire Council's financial capacity to service current and future obligations. The rating provided was WEAK WITH A DEVELOPING OUTLOOK. The significant negative factors contributing to the weak rating are:

- 1. Council has limited ability to influence revenue generation and to grow own source revenue.**
- 2. Council is heavily reliant on grant funding and weather-dependent commercial works.**
- 3. Council includes in its permanent workforce the staffing required to undertake flood damage restoration and recoverable funding works.**
- 4. The Shire has a narrow economic base.**

Given the above QTC rating, it should be acknowledged most of these issues (negative factors) are outside the Council's control and would apply to most rural and remote Local Governments.

Carpentaria Shire Council comprises a large asset base, minimum rate base and significant contribution to GDP with cattle, mining and fishing industry including live exports.

The Port of Karumba is said to be the 5<sup>th</sup> largest revenue earning Port in Queensland however very little expenditure is returned to the Port for example to repair the Sea Wall which has been in disrepair for years.

The removal of day labour from NDRRA claims contradicts the objective of Councils striving to achieve sustainability.

Council's costs are continually increasing due to rising community expectations and legislative requirements.

**2. What can be done to improve on the critical issues highlighted by the Auditor-General?**

For local government to operate effectively - processes implemented by the State Government need to be effective and efficient especially given the limited construction seasons experienced in the Northern Gulf Region as a result of annual wet seasons and flooding.

**2. What can be done to improve on the critical issues highlighted by the Auditor-General? (continued)**

An example of this is the significant delay in processing of NDRRA and road/easement/land applications through DLG&P and DERM. Extensive delays in processing of NDRRA submissions effectively halves the time local government has to perform restoration works – Council does not have the cash flow to carry the works until approvals are granted.

In addition with all State Government Grants already having a 2 year deadline, delayed administrative and approval processes from DERM make it difficult for the Council to complete works in the necessary timeframes. There needs to be a coordinated approach developed between different State Government departments with time lines placed for performances e.g. DERM continual extension for DA's due to a perceived inadequate resourcing. Some processes are taking longer than the grant time frame itself and these processes cannot commence until a grant is awarded due to limited funds.

**3. What impact has the amalgamation process had on remote councils?**

Remote Councils are now wary of 'what's in store for them'. Is amalgamation on the agenda for remote Councils?

Carpentaria Shire was affected by the amalgamation process, due to the number of Councillors being reduced from 9 to 5 and this has resulted in less representation. Carpentaria Shire Council, has made application to DLG&P to increase the number of Councillors from 5 to 7 for the 2012 election.

**4. What can be done to address the recruitment and retention of qualified staff in remote councils?**

Housing and social benefits are important to attracting and retaining staff. Remote Councils find it difficult to fund quality housing and maintain to a standard expected of prospective employees from more regional areas. Quality schooling is another very important aspect identified by prospective employees for lower primary years. It is customary to keep children at home and attend local schools rather than boarding school at such a young age.

Therefore, Government funded capital works subsidies should include staff housing. In addition, the State should focus more resources in schools in remote areas.

One incentive which Federal Government could implement is to make Changes to the Tax system to increase existing incentives to work in rural/remote Councils. ie. Increase Special Zone A Tax offset. This rebate currently provides very little incentive to work in rural remote communities especially given the cost of living and lack of services is significantly greater.

**5. How can capacity building in remote councils be achieved?**

Resource sharing between councils may assist in this area.

However, resource sharing can have negative consequences as suitably qualified staff will not be readily available to train and share knowledge in order to up skill the staff in that particular area.

**6. Are the current funding arrangements satisfactory? What improvements could be made?**

Capital Funding needs to be based on capacity to pay.

**7. How are the issues identified by the 2009 Indigenous Council Task Force being addressed?**

An issue that Carpentaria Shire has identified is that as a main stream Council with a relatively high Aboriginal population financial assistance is not forthcoming as it may if the Council was declared as an indigenous Council.

**8. What are the advantages and disadvantages of bureau service provider and resource sharing arrangements?**

Each case has its merits.

**9. What are the advantages and disadvantages of the appointment of financial controllers?**

Doesn't apply.

**10. How prevalent is the use of consultants by remote councils? What are the effects of this?**

The Carpentaria Shire Council could not provide the range of services which are expected by the Community without external consultants. This will be ongoing.

This method of resourcing provides for little or no capacity building within the Council. In some cases it is a very high cost compared to in house resourcing and results in little local input, consultation or understanding of local issues.

**11. Has the appointment of government champions been successful? Why or why not?**

Not applicable.

**12. What short or long term impacts will the new *Local Government Act 2009* have on remote councils?**

Every time there is a major amendment to legislation impacting on Local Government there is an additional cost. It is not just the Local Government Act, there is the Integrity Act, Privacy Act and Lobbyist legislation etc.

Small rural remote Councils have little capacity to implement new legislation quickly and effectively without a further cost burden.

**13. What are the advantages and disadvantages of the Act's requirement to have an internal audit function within councils?**

From a risk management perspective it is good practice, however, again it is a costly exercise for remote Councils without appropriate funding.

**14. What is the impact of the expansion of council services beyond those services traditionally provided by local government?**

Cost shifting from state and federal government has had a negative financial effect on Local Government as the community still expects that services are provided.

**15. Is the council engagement approach being employed by the Department of Infrastructure and Planning working?**

No. Poor performance of DLG&P and DERM refer to point 1

There is no need for DLG&P to be Regionalised as the service provided can be accessed out of one office, ie. Brisbane as it has been for 50 years. Regional office staff have little or no knowledge of Local Government and need to refer back to Brisbane.

**16. Are there any other relevant matters that the committee needs to address?**

**NDRRA/Emergency Services Act – Critical mass**

The removal of day labour for the NDRRA Flood Damage restoration works will basically result in the Council having to significantly reduce its day labour staff levels. This will also have a significant flow on effect to other operators of the Council indirectly the number of

Administration Staff and ability to attract professional staff such as engineers due to the reduced structure. Reduction in plant and capacity to perform general works will be significantly reduced.

Councils rely on performing NDRRA works as the most significant activity of its day labour workforce. In addition local contractors assist Council with this activity. As one of the local governments with the highest level of NDRRA works on an annual basis the ability of the Council to outsource such operations will be very difficult. The quality of the works and risks of not understanding local conditions and expectations will be difficult to address.

**16. Are there any other relevant matters that the committee needs to address?  
(continued)**

The cost to perform these works will significantly increase as accommodating external contractors will require establishment of construction camps and construction of new housing due to the non existence of spare capacity in the existing housing or rental market. It is not understood why contract labour and local day labour has been differentiated.

On another matter the use of local government day labour for CDO (Counter Disaster Operations) places a significant burden on local rate payers as some of these costs are not claimable, even though the Disaster Management Act states that Council must ensure it has adequate resources to respond to an emergency. An example of this was in 2010 Wet Season and the cyclone which affected Normanton and Karumba. Limited numbers of SES personnel and lack of ticketed chain saw operators resulted in Council having to use its own resources to perform functions SES would normally perform which in turn were rejected when claimed. The Council could have engaged contract crews from elsewhere however the cleanup operation would have been drawn out and the community would have been affected due to the delay in response and the government would have incurred significant additional costs. This process does not seem rational nor in the communities interest.

**Government policy - Housing**

There needs to be a review of housing policies. Carpentaria Shire experiences significant housing shortages. The State and Federal government when establishing services generally do not build new houses and purchase existing housing stocks placing additional pressure on already stressed rental market and property values.

**Capacity Building Needs of Non-Amalgamated Council – 2009 Scoping Study**

There appears to be many positive Actions identified in Section 4 (see pg 26) of the Scoping Study however the State Government does not appear to have taken steps to implement/engage the Plan.

**Driver Advanced Fatigue Management Legislation**

Carpentaria Shire Council has been required to become accredited under the new National Road Transport Heavy Vehicle Fatigue Laws for the use of trucks over 12 tonnes such as road trains and water tankers.

New national road transport heavy vehicle fatigue laws have been released which has revised the work and rest limits for heavy vehicle drivers and require a higher degree of fatigue management. We understand that these laws have been designed to apply to long distance truck and bus operators crossing the state and continent on strict time deadlines.

Rural Remote Councils with significant road-building activity have been impacted unfairly by these laws.

**16. Are there any other relevant matters that the committee needs to address?  
(continued)**

The Department of Transport and Main Roads has advised that Council due to its 10/4 roster system will be required to operate under the Advanced Fatigue Management System (AFMS). Council's 10/4 roster and work hour arrangements do fit under the AFMS, according to the Department.

Should Council not maintain its accreditation under the AFMS it would be required to work a 5 day roster. This in effect would cost Council a loss in productivity of approximately \$3.4 million per year. This is based on the loss of two additional productive work days due to travel for the 34 week construction season. Another way of demonstrating this would be that Council would need to employ additional resources with an estimated value of \$3.4 million to achieve the same level of productivity in this financial year. This is a significant impost on our small rural remote communities.

Carpentaria Shire Council works 10 days on and 4 off because of the distances that our staff and contractors need to go to undertake flood damage and maintenance road works - this can be up to 400km from Normanton. The new laws would in effect require staff to return to Normanton each Friday and head off again on Monday morning. Another example of the unfairness of these laws in remote locations is our truck operators, who do not travel long distances. A water truck operator will fill their truck from a water point and wait out of the truck while this happens. They then proceed back to the job site –slowly to avoid loss of water on outback gravel roads and tracks. They then may have to wait at the job site until their water is required. This could happen 4- 6 times a day depending how far the water source is away from the works site. This is hardly fatigue causing. Those carting gravel have a similar experience, waiting for extended periods and travelling slowly over short distances. Roller and grader operators who slowly work on the road work sites are not covered by the laws despite them being behind the wheel for extended periods. If they are not subject to the fatigue laws then the truck operators on these works sites should not be either.

Council requests that the enquiry look into this matter with the intent of recommending to the Federal Government an appropriate amendment to the long haul legislation to exclude Local Government in the circumstances as described above.