

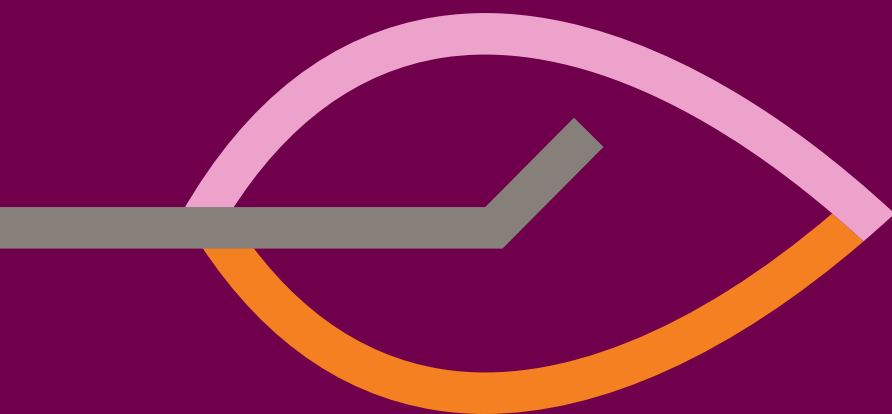
Interim Report

Review Stage 1 – June 2022

The future
of local
government
review



Let's All Shape the Future
of Local Government.



The Local Government Board is seeking submissions in response to the Consultation Questions on [page 8](#) of the Interim Report until the 25 August 2022.

Please visit www.engage.futurelocal.tas.gov.au to respond to the questions online.

Alternatively, you can provide a written submission to:

LGBoard@dpac.tas.gov.au or

Future of Local Government Review
GPO Box 123, HOBART, TASMANIA 7001

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Chairperson's transmittal letter to the minister



Dear Minister

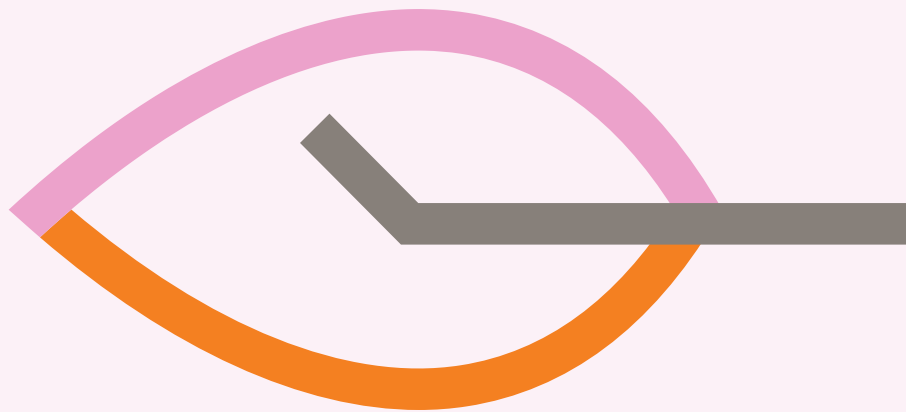
I am pleased to present to you the Board's Stage 1 Interim Report, in accordance with our Terms of Reference.

The Report outlines the work we have done over the past six months and explains what we have learned. It unpacks what we think should be the Priority Reform Areas for the Review moving forward and sets a clear course for developing more detailed reform options in Stage 2. We have prepared the enclosed Report as a public document, with the expectation that it will be released to promote community discussion once the Government has had the opportunity to consider it.

The Board has been encouraged by the genuine and positive way that the local government sector, stakeholders, and the broader Tasmanian community have approached and engaged with the Review in Stage 1. The Review's broad and ambitious scope has given the Board permission to 'think big'. The community members we reached responded in kind by talking openly and enthusiastically about their priorities and aspirations, and the challenges we need to collectively address to make sure we have a local government sector that meets the needs of 21st century Tasmania.

What is clear is that the Tasmanians we spoke to value local government and want councils to succeed. There is a lot of goodwill amongst all stakeholders when we talk about how we make that happen. A significant focus for the Board in Stage 1 has been to try to distil what we think future success 'looks like', in order to identify reform areas that we think will benefit Tasmanians most.

We have done this by setting out aspirational statements in relation to both the future role of local government and its essential capabilities. These statements are based on evidence and experience of good practice. They reflect an overall vision for the future of the sector that we hope the Tasmanian community can and will rally behind.



The work we have done in Stage 1 has shown us there are some clear areas of agreement on the things that we need to address. This involves a combination of better supporting the sector's existing strengths in some areas and addressing longstanding structural weaknesses and barriers in others.

In Stage 2, we will move from diagnosing problems to developing solutions. As a Board, we will lead a vigorous contest of ideas, so that we can be confident that the package of reform options we present to you is both credible and informed by a wide range of perspectives.

While we reached a considerable number of Tasmanians all around the State during Stage 1, it is important to note that this was not fully representative of the community. In Stage 2 we would like to engage with groups that were not well represented among participants in Stage 1 – this includes Aboriginal Tasmanians and younger people – to make sure we are getting a broad range of perspectives and reflecting the future vision of the entire community.

While we are only in the early stages of our broader reform journey, I would like to take the opportunity to thank my fellow Board members for their support and insights during Stage 1, and the Review Secretariat for their hard work, diligence, and professionalism.

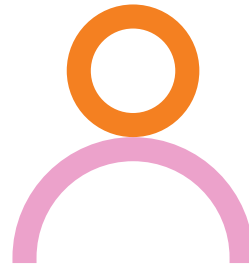
Yours sincerely,

The Hon Sue Smith AM



Executive summary

Local government has played a crucial role in supporting Tasmanian communities for more than 100 years. There is an emerging consensus that this role will become even more important in the future amid growing evidence that many complex social, economic, and environmental problems require local solutions. We saw during the COVID-19 pandemic that councils were – as they often are in times of crisis – on the front line working to ensure community needs were met and help was delivered where it was needed, and quickly.



We have heard that local communities want (and need) their councils to succeed. But the Tasmanians we have spoken with during the Review so far can also see how our current system and structures make this increasingly difficult for many councils, particularly in regional and rural communities. And it is in these communities where the role of councils is often most highly valued.

We believe there is now broad acceptance – in the community, across all key stakeholder groups, and within the sector itself – that reform is necessary not only to ensure the future success and sustainability of councils, but to support the future economic, social, and environmental wellbeing of the Tasmanian community.

As a State and a community, we need to make sure that our local councils have the necessary capability to focus and deliver on the things that matter most at the local level, in an effective, efficient, and sustainable way. We believe this will require a re-set in our thinking about the future role and functions of councils combined with a collaborative effort to design a system of local government that can deliver that vision.

The Interim Report presents the Board's findings from its research, engagement, and discovery in Stage 1. Consistent with the Review's Terms of Reference, it sets out the Priority Reform Areas for further exploration and investigation in Stage 2 (see [Discussion Box 1](#) below).

We hope the Report does more than this, however. Fundamentally, we want it to drive a robust community conversation about the role that our third tier of government should play in supporting

the wellbeing of the Tasmanian community into the future. This means, firstly, identifying and agreeing on the things we know local government can do better than other levels of government and then, secondly, undertaking a deliberate and careful process to shape a future system where our local councils are set up to succeed at delivering those things. Leading and guiding that process is, in a nutshell, the job the Board has been given in this Review.

No doubt, this will require some challenging conversations as the Review progresses, including about possible changes to the functions and responsibilities of local councils. But it is essential we have these conversations if we are going to meaningfully deliver on the task we have been set by our Terms of Reference.

We have made a bold start in this Report by offering up our views on the future role of local government, the set of capabilities that we think needs to be in place to support this, and the kinds of outcomes we think we can (and should) aspire to in the future. At the heart of the vision is an ambition to have local government undertake a shift – which is already underway in many cases – from a primary focus on infrastructure provision and 'services to property' towards a role in supporting the wellbeing, resilience, connectedness, identity, and culture of local communities.

Now we want to hear what the community thinks. It is important that, as we move into Stage 2, we are confident there is broad support and agreement on what 'success' for the future of local government looks like. We won't be able to have the right kind of discussions about potential reform options unless we have this common ground.

During Stage 1, we have undertaken a comprehensive statewide engagement and research program. From all of this work, the Board has heard clearly there are a core suite of challenges and opportunities for the local government sector.

- Firstly, local, place-based design and delivery remain crucial in some service areas, particularly when it comes to supporting improved community wellbeing. Local government is in the best position to be a leader in this domain. Unfortunately, councils are often required instead to fund and deliver a broad range of functions and services its communities need and demand, even when they may not be the best tier of government to provide them
- Secondly, and linked strongly to the first point, councils face significant pressures brought about by being a 'government of the gaps' or a 'provider of last resort' to meet service needs that are not being provided by the market or other levels of government. Clear and deliberate decisions are required about what functions and services councils should be delivering and how these can be supported by suitable funding and governance models that are designed specifically to support councils' responsibilities on a fair and sustainable basis.
- Thirdly, there are a range of undeniable structural sustainability challenges facing councils, which will require a willingness to consider bold reform solutions. While on the one hand we have heard about the professionalism and dedication of staff within councils, we have also heard that capability and skills are spread too thinly (and unevenly) across the sector, resulting in services that are less effective, responsive and efficient than they could be if there were greater economies of scale and scope in some areas. There is broad consensus that the consolidation of some council services

is necessary to achieve the scale required to improve efficiency and effectiveness. Service consolidation can take many forms and in a future model of local government may look different for different capacities, functions, and services. The Board wants to explore a range of innovative approaches that go beyond what most people think of when they hear the term 'council amalgamations' (see [Discussion Box 2](#) below).

- Finally, Tasmanians place significant value on local voice and representation. Therefore, community confidence and trust in local governance is essential. We believe there is opportunity to better support more consistent levels of capability and professionalism for elected representatives and in turn drive greater participation in local government. This will require an exploration of innovative reforms that maximise the overall performance of the sector in areas of service accountability, participation in decision-making, transparency, and community engagement, while remaining cognisant of the significant reforms in this area that are already underway.

Our view is that the sector needs to be supported – by both government and the community – through a process of careful and considered structural transition to ensure that it can overcome these challenges and embrace existing and emerging opportunities. This transition will take time, but it needs to start now.

Irrespective of the recommendations we will make at the conclusion of this Review, there is no doubt genuine political leadership, at all levels, will be required to deliver the changes necessary to ensure we have a highly capable sector that is able to support the State's future prosperity and wellbeing.

Priority Reform Areas	What we will do in Stage 2
Councils' Role in the 21st Century	<ul style="list-style-type: none"> • Determine 'where local matters most' (and least) for infrastructure and service delivery, with the aim of maximising overall public value delivered to the Tasmanian community. • Clarify and define councils' roles, including not only how and where they differ from the Tasmanian and Australian Governments but also where stronger partnerships and deeper collaboration are likely to improve outcomes. • Understand councils' current effort and capability in supporting wellbeing as part of their core business. • Develop options for better leveraging councils' 'natural advantage' in supporting community wellbeing through tailored, 'place-based' approaches, including ways of better 'joining up' effort across levels of government. • Consider the need for a 'charter for local government' that captures and reflects the above and can help guide decisions about which level of government should be responsible for which functions and services, and the alternative service models through which they could be delivered.
Local Representation and Good Governance	<ul style="list-style-type: none"> • Consider options for: <ul style="list-style-type: none"> - Improving elected member culture, capability and professionalism (remuneration, training and development incentives/recognition); - Preserving and enhancing local representation, including consideration of councillor numbers, and administrative boundaries and wards; and - Delivering innovative models for greater community engagement and participation. • Consider the necessary architecture and underpinnings for a contemporary, best practice performance monitoring and reporting framework for local government.
Strategic and Regional Capability	<ul style="list-style-type: none"> • Review current strategic planning and decision-making capability. • Identify success factors, challenges, and drivers from inter-council regional governance case studies, and identify where they generate benefits and costs. • Identify and develop alternative options and test the responsiveness of those options to likely future trends and resulting policy challenges.

Priority Reform Areas	What we will do in Stage 2
Efficient and Effective Infrastructure and Service Delivery	<ul style="list-style-type: none"> • Understand the extent to which some communities may be paying more than they should be for particular services and infrastructure – or are receiving a lower quality of service – because of insufficient scale economies, and identify those specific services where scale is important for both service efficiency and quality. • Develop and consider the case for alternative, consolidated service delivery models for expensive, capital intensive, undifferentiated and regionally important council services – like waste management and road, bridge and storm water construction – which can take advantage of the financial and strategic advantages of scale economies while still responding to local needs.
Sound and Consistent Planning and Regulatory Services	<ul style="list-style-type: none"> • Further explore and understand the structural challenges and tensions for councils in the existing planning framework (including the role of councils, elected officials, and the community). • Understand current professional and organisational capability, including skills gaps and shortages across councils in core regulatory service areas. • Understand councils' current performance of core regulatory and statutory roles, including differences in cost efficiency, quality, and responsiveness of services. • Investigate alternative, consolidated delivery models for complex, technical regulatory services currently delivered by councils, including development application assessments.
Operational Sustainability	<ul style="list-style-type: none"> • Examine in detail the current and projected financial position of Tasmanian councils, including their future asset renewal requirements. As part of this, understand the level of consistency and maturity in strategic asset management planning across the sector. • Review financial and operational sustainability for the future role of councils, including modelling demographic implications for revenue and expenditure, and workforce/skills trends. • Consider the merit of consolidated and/or shared business services.

Consultation Questions

The Board is seeking feedback and submissions in response to our Interim Report. This includes the draft Role Statement ([Section 2](#)), the Capability Aspirations and Outcomes ([Section 3](#)) our Future Visions for each Review theme ([Section 4](#)), and our Priority Reform Areas ([Section 5](#)).

To support structured engagement, we have developed a series of questions we want members of the public and stakeholders to consider after reading each respective section. In particular, we want to hear and understand the full range of ideas and options for reform presented to us by the community and stakeholders. As in Stage 1, we are seeking bold ideas, which go beyond the existing structures of local government in Tasmania. Your feedback and submissions will help us in developing targeted reform options through Stage 2 of the Review.

These questions can be found in each relevant section of the Report and are also listed below.

Section 2. The Role of Local Government in 21st Century Tasmania

- *Do you agree with the Role Statement? Does it make sense? Are there any gaps?*
- *What services do you think benefit most from 'local' design and delivery? Why? When it comes to those services, how local is 'local enough' to deliver for the community?*
- *What do you think about the idea of a 'charter' for local government? If we develop a charter, should it be included in the Local Government Act 1993?*

Section 3. Capability for the Future: Successful and Sustainable Councils

- *What do you think about the Capability and Outcome Aspiration Statements? Are they useful?*
- *Do you agree with what they say? Is anything missing?*

Section 4. Opportunities, Issues, and Challenges (for each theme Future Vision)

- *Do you think the Future Visions capture what 'success' would look like if all our councils were working well? Is there anything you would add or remove?*
- *Thinking about the Future Visions and how we might achieve them, are there any other opportunities, issues, and challenges under the Review Themes that you think the Board might have missed?*

Section 5. Priority Reform Areas for Stage 2

- *Looking at the 'things we will do' in Stage 2 under each of our Priority Reform Areas, are there other issues that you think we should be trying to better understand?*
- *Thinking ahead to reform options, do you have any specific ideas or suggestions about changes we could make to local government in Tasmania that you think would lead to better outcomes across multiple Reform Areas?*

What happens next?

In addition to inviting feedback and submissions in response to the Report, we will be setting up a Focus Group process to test a spectrum of reform options and to understand the technical, legislative, financial, organisational and other consequences of these options. We expect the Local Government Association of Tasmania (LGAT) and Local Government Professionals Tasmania (LGPT) to again have important roles in these processes, as critical representatives and advocates of the sector. We also intend to keep the community engaged by providing a Community Briefing and Q&A update half-way through Stage 2.

Later in Stage 2, we will be releasing a Reform Options Paper, which will form the basis for broad statewide consultation via a series of community meetings with the Board. The next steps are discussed in more detail in [Section 6](#).

To stay up to date with what is happening with the Review, including opportunities to get involved and have your say, please visit www.futurelocal.tas.gov.au

‘The elephant in the room?’ – Council amalgamations and ‘service consolidation’

We know there are a range of strong views in the community about the prospect of council amalgamations. We also know there is an expectation that the Board will provide some indication of its position on amalgamations in this Report, particularly after several Tasmanian councils put forward specific merger proposals as part of their submissions.

During Stage 1 of the Review, we have deliberately avoided a specific discussion on amalgamations as a potential reform pathway. That is because we wanted to first understand what communities want and need most from their councils into the future, and the capabilities that councils will need to be able to deliver on this.

Our focus, first and foremost, is to work out what will deliver the best outcomes for Tasmanians. It is not to reduce council numbers, shed staff or try to ‘cut costs’. We want to give people licence to be bold and creative and to think well beyond our current structures and systems. Essentially, we have promoted a discussion where we can gather people’s ideas about how a range of crucial functions and services would be best delivered if they could design a system of local government on a ‘clean sheet of paper’.

The amalgamations discussion tends to imply a blunt and relatively simplistic approach to reform – that is, fewer and larger councils made up of some combination of our existing municipalities. This Review is much more ambitious than that. The future design options we are interested in could result in significant changes not only to administrative boundaries, but also to the fundamental role councils play, and the functions and services they deliver.

Our Terms of Reference require us to develop recommendations we believe will deliver appropriate economies of scale and scope. We think that there are likely to be a range of areas where greater scale economies could drive substantial cost efficiencies and deliver better value and higher quality services for the Tasmanian community overall. However, the Board also accepts that, for some communities and service types, there may be strong arguments for local government to be organised at a scale that best reflects strong shared interests and connections to place in order to maximise community benefit. In this respect, the Board also recognises that the geographical boundaries that currently define our council borders may no longer appropriately correspond to these changing community needs and shared interests.

For all these reasons, we talk in this Report about ‘service consolidation’, rather than just amalgamations. A core aim of any consolidation should be to better support the development of a ‘critical mass’ of strategic capability, particularly in regulatory and other service delivery areas where some councils are currently struggling. This should result in higher quality, more responsive services, which can still meet the distinctive needs and preferences of specific communities. Organisations with more consistent capability may also provide ancillary benefits for council staff, including for skills development, promotion opportunities, and depth and diversity of work.

In a future model for local government, service consolidation may look different for different capabilities, functions, and services. When we talk about service consolidation, it is much more than a ‘code word’ for traditional amalgamations. Consolidation can take

many forms, ranging from function-specific resource and service sharing through to full administrative integration. The Board remains open to all options at this stage, including the potential for fewer, larger councils.

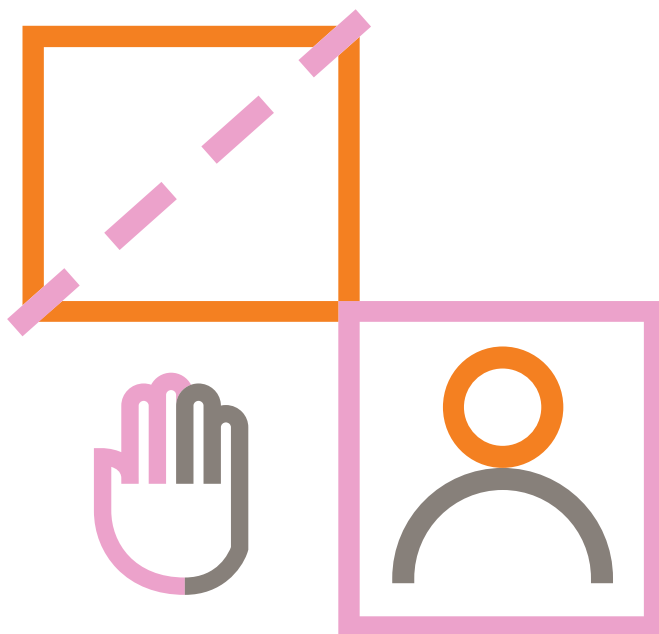
These models can also be complementary: they are not simple ‘either/or’ propositions. For example, it is entirely possible that the Board’s proposed reform options might include some consolidation of local government areas – or the creation of entirely new local government administrative structures and boundaries – alongside resource and service sharing at the regional or even statewide level for some functions.

Ultimately, the Board will be guided by the evidence as to what will deliver the best outcomes for Tasmania. The work we will be doing in Stage 2 will be critical to help us understand firstly, where amalgamation or other consolidation options make sense and, secondly, the best models for delivering those scale economies where there are clear benefits. We do not think it is helpful at this stage to focus all our attention on amalgamation as the only possible pathway to reform. But it does, of course, remain logically in the mix.



Section 1: Introduction and review context

The Tasmanian Government commissioned the Local Government Board to undertake the *Future of Local Government Review* (the Review) in response to recommendations made by the Premier's Economic and Social Recovery Advisory Council (PESRAC).



PESRAC's Final Report talked about how important local government was in supporting local communities during the COVID-19 pandemic. Councils were – as they often are in times of crisis – on the front line working to ensure community needs were met and help was delivered where it was needed, and quickly. PESRAC's community consultation heard about the value that communities place on having a trusted voice to government that understands, and can advocate for, their specific local needs and issues.

However, PESRAC's report also highlighted those areas where communities thought both local and state governments could do better. The need for better role clarity, with the levels of government each focusing on their respective areas of strength and capability, came through strongly.

We believe local communities want (and need) their councils to succeed. We also know there is strong evidence that the ability to develop and tailor local solutions to complex policy problems is becoming more, not less, important. But the Tasmanians we have spoken with can also see how our current system and structures can make this increasingly difficult for many councils, particularly smaller rural and regional councils. It is in these communities where the role of councils is often most highly valued. The key message that we have taken from PESRAC is that, as a State and a community, we need to

make sure that our local councils have the necessary capability to focus and deliver on the things that matter at the local level, in a sustainable way.

This will require, firstly, a re-set in our thinking about the future role and functions of councils, and secondly, a collaborative effort to design a system of local government that can deliver on this vision. Shaping and guiding this process is, in a nutshell, the job the Board has been given in this Review.

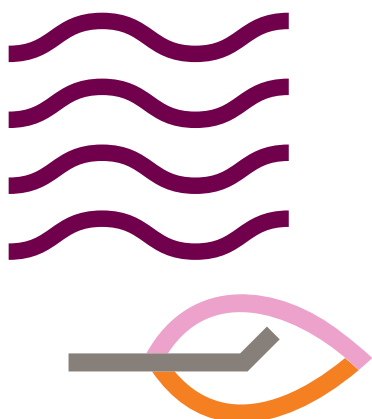
Of course, discussions about local government reform pre-date the PESRAC process. In fact, such discussions have been a constant feature of the sector since its formal establishment in 1906¹. This makes sense. After all, our current local government system is not a static or 'natural' institution. It will always need to adapt to meet and reflect the changing needs of the communities it serves.

¹ University of Tasmania, Tasmanian Policy Exchange, 2022. *National and international trends in local government and their relevance to Tasmania*. (www.futurelocal.tas.gov.au/wp-content/uploads/2022/05/FoLGR-UTas-Paper-2-comparative-trends-in-local-government-reform-final-220422.pdf)

The last major ‘re-set’ of local government in Tasmania was in 1993. At that time, Tasmania’s population growth was all but stagnant and its economy heading into a substantial downturn off the back of the 1990–91 recession. Manufacturing was a major sector of the economy (but about to experience significant disruption) and the internet was still some five years from arriving in any tangible sense for ordinary businesses and households. The overall value to Tasmania of global trade was a fraction of what it is today.

Like all levels of government, local councils have adapted and modernised to respond to the rapid demographic, social, economic, and technological changes of the past 30 years. However, it must be acknowledged that we still largely retain a system of local government designed by Tasmanians who could not have imagined the transformation that our State has undergone.

Our starting position is that the case for change of *some kind* is well established and, in many respects, beyond reasonable dispute. Over the past 15 years, an increasingly compelling evidence base has been building which demonstrates that elements of our current system of local government should be optimised and, in some cases, may be structurally unsustainable in the medium to longer-term.



A number of planks in this evidence base have led us to this point and include the:

1. Access Economics Report, commissioned by Local Government Association Tasmanian (LGAT) in 2007, which suggested at that time that one in five Tasmanian councils may be financially unsustainable in the longer term without significant disruptive changes to their revenue and/or expenditure policies²;
2. Suite of voluntary amalgamation and shared services studies undertaken in 2016 and 2017, which demonstrated a range of substantial potential financial and strategic benefits to councils and communities of greater planning and services consolidation, coordination and/or integration, relative to the status quo³;
3. 21st Century Councils’ work undertaken by LGAT in 2019, which identified a range of benefits of well-considered structural reform, and highlighted the broader social and economic trends Tasmania is experiencing which make such reform – in one form or another – likely inevitable⁴;
4. Recent analysis – both nationally and in Tasmania – on local government workforce capability which has indicated that skills gaps and shortages are a significant (and growing)

² Access Economics, 2007. *A Review of the Financial Sustainability of Local Government in Tasmania (a Report for the Local Government Association of Tasmania)*.

³ During its first term, the current State Government supported 25 of Tasmania’s 29 councils to explore structural reform and improved service delivery opportunities through five feasibility studies into voluntary amalgamation and strategic shared service arrangements. These included the Northern Tasmanian Councils Shared Services Study (KPMG), the Cradle Coast Shared Services Study (Third Horizon), the Tamar Valley Feasibility Study (KPMG), the Greater Hobart Local Government Reform Feasibility Report (SGS Economics) and the South East Councils Voluntary Amalgamations and Shared Services Feasibility Study (KPMG).

⁴ Local Government Association of Tasmania, 2019. *21st Century Councils – Structural Reform Discussion Paper* (www.lgat.tas.gov.au/_data/assets/pdf_file/0020/380306/21st-Century-Councils-Report-Final.pdf)



challenge impacting on councils' ability to deliver a range of critical planning, policy, and regulatory services in an efficient and effective manner. LGAT's 2018 workforce report found that 69 per cent of councils were experiencing a skills shortage, and 50 per cent skills gaps, with these pressures felt most acutely in regional and rural councils, and expected to worsen over time⁵. It is expected that the Australian Local Government Association's (ALGA) most recent local government workforce report (to be published around the time of this Report) will reconfirm this trend; and

5. Recent and ongoing work of the University of Tasmania's (UTAS) Institute for the Study of Social Change, which makes clear the sustainability challenges facing many councils due to the structural demographic changes to Tasmania's population. The Institute's 2019 report found that 17 of Tasmania's local government areas were either in structural population decline, or on the cusp of such decline⁶.

This evidence base has been supplemented by early analysis commissioned by the Board during Stage 1, which shows a number of councils have structural financial capacity and strategic capability challenges, especially as they relate to the maintenance of infrastructure, and the delivery of complex statutory regulatory functions.

⁵Local Government Association of Tasmania, 2018. *Local Government Workforce and Future Skills Report Tasmania*. www.lgattas.gov.au/__data/assets/pdf_file/0028/662329/LG-Workforce-and-Future-Skills-Report-Tasmania-Sept-2018-FINAL.pdf

⁶University of Tasmania Institute for the Study of Social Change, 2019. *The Changing Nature of Work in Tasmania*. (www.utas.edu.au/__data/assets/pdf_file/0004/1048891/InsightOne.pdf)

Councils – particularly smaller rural councils – face a range of pressures beyond their control and have only limited options available to them within the current system of local government to respond. That is because these pressures are inherently structural and relate to things like growing demand for more (and more costly) services, shrinking rates bases, input cost increases, labour force and skills shortages, and climate change impacts. Yet these councils play an important role in their communities and are often highly valued as a result.

The sector needs to be supported – by both government and by the community – through a process of careful and considered structural transition to ensure that it can overcome these challenges and be successful in the future. This transition will take time, but it needs to start now.

The Board has approached its Terms of Reference with an open mind and a firm commitment to understand and establish the community's aspirations for the future role and function of its councils before it considers in any detail the structural administrative design changes that might best support that vision. All options are on the table except the status quo.

Our objective in this Review is to deliver to the Government an integrated suite of practical, evidence-based recommendations that will provide the best overall outcomes and benefits in areas relevant to local government, in service of both specific and unique local community circumstances, and the common and collective needs and aspirations of all Tasmanians.

Irrespective of the recommendations we will make at the conclusion of this Review, genuine political leadership, at all levels, will be required to deliver

the changes necessary to ensure we have a highly capable sector that is able to support the State's future prosperity and wellbeing.

Previous unsuccessful – and poorly conceived – attempts⁷ to force the restructuring of councils have, understandably, made the sector suspicious of structural reform discussions, and successive State Governments reluctant to spend political capital on revisiting wholesale reform in any form. Since the election of the Bacon Labor Government in 1998, Tasmanian Governments have not been willing to contemplate structural changes unless they were initiated by councils themselves. There have been several attempts to proceed with voluntary mergers, but these appear to have failed because of local fears about loss of voice and identity, and a suspicion that proposed changes would fail to improve outcomes for impacted local communities.

As a Board, we are committed to an approach that brings the community, the sector, and government towards a consensus on the main challenges and opportunities for local government now and into the future, even if there are likely to be disagreements about what the answers are.

In other words, we need to collectively agree on and clearly define our aspirations and the barriers to their realisation before we start the work of designing what we think might be the best reform pathway.

This has been our core objective in Stage 1. This Interim Report explains the work we have done so far; what we have heard, seen, and learned, and how we think that translates to the next steps for Stage 2. It represents the start of our shared reform journey.

⁷University of Tasmania, Tasmanian Policy Exchange, 2022. *The History of Local Government in Tasmania*. (www.futurelocal.tas.gov.au/wp-content/uploads/2022/05/Local-Govt-History-Report_corrected-16052022.pdf)



Listening and learning – our approach to stage 1

We organised Stage 1 of the Review around seven broad theme areas to help provide structure and focus to our engagement, research, and analysis. These themes are based around the main service categories that councils in Tasmania currently deliver.

Our engagement program ran between February and May and provided comprehensive opportunities across Tasmania for communities and stakeholders to share their experiences, ideas and aspirations for the future of local government. We brought in an expert engagement firm, Capire, to make sure we got the most out of this process.

We used an array of engagement approaches and mechanisms, so that every Tasmanian who wanted to had a chance to have their say. [Appendix 1](#) outlines our engagement approach and the key findings and messages.

We would like to thank the community and stakeholders for taking the time to contribute their bold ideas for the future of local government. We would also like to thank LGAT and Local Government Professionals Tasmania for facilitating sessions and other engagement mechanisms with council elected members and staff. This input has been central to the development of our Key Reform Areas for Stage 2.

20 'pop up' events

HELD IN TOWNS AND CITIES
ALL AROUND THE STATE
WITH OVER



600 people
reached

4 interest group workshops

FOCUSED AROUND THE
REVIEW THEMES

attended by 67 representatives

FROM RELEVANT PEAK BODIES

17 state-wide community workshops

WITH

172 participants
in total

LGAT-FACILITATED SESSIONS
REACHED OVER

70 elected members

AND APPROXIMATELY

150 council
employees



476 online
surveys
completed

39 written submissions



BRIEFINGS TO MEMBERS OF
PARLIAMENT AND SECRETARIA
MEETINGS WITH

all State Government
agencies

While the Stage 1 engagement process reached a significant number of people, it is important to acknowledge that this did not deliver a representative sample of Tasmanians. In Stage 2 we would like to engage with groups that our data suggests were not well represented among our Stage 1 participants – this includes Aboriginal Tasmanians and younger people. We will be doing further engagement in Stage 2 to make sure we reach those voices and better understand the experiences and perspectives that inform them. We explain further in [Section 6](#) how we will go about that exercise.

Report outline

Our Interim Report is set out in five main sections:

The next section, [Section 2](#), discusses the evolving role of local government in Tasmania, and proposes a high-level vision for how we, as a community, might define the things we want and need our councils to focus on in the future. We identify the main opportunities as a greater focus on place-based services that support community wellbeing on the one hand and, on the other, a potential move to the delivery of some 'traditional' council services at larger scale where cost efficiencies and strategic capabilities can be shown to deliver better overall service value and quality. We hope that this will be a starting point for the consideration of a more detailed role statement or 'charter' which we can use to guide reform options, particularly with regard to the functions that councils deliver, and the service delivery models that they use to deliver them.

Our Review themes



Community wellbeing

Including emergency management, health and community programs, cultural activities and facilities



Economic development & local promotion

Including tourism, advocacy for the local community



Environment

Including waste management, natural resource management, animal control



Finance & administration

Including rates, charges and financial management, council workforce, shared service arrangements



Governance, accountability & representation

Including councillors, council information



Infrastructure provision & management

Including roads and bridges, stormwater, halls, parks



Land use planning & other regulatory services

Including building and development approvals, heritage, public health standards

[Section 3](#) unpacks the concept of ‘capability’ in local government and lays out the five key organisational characteristics that we believe are essential for councils to succeed in the future, irrespective of future role, function, and design. We explain how these fundamental qualities have shaped our thinking on the seven Review themes and, consequently, on our proposed Priority Reform Areas for Stage 2.

[Section 4](#) discusses each of the seven Review themes in more detail. For each theme, we identify and describe an aspirational ‘future vision’ that we believe should and could be achieved if local government, as a sector, had the capability it needed to deliver for the Tasmanian community. Drawing on findings from the community engagement, together with existing evidence, targeted research, and analysis of the findings from our engagement, we set out what we believe are the main issues, challenges

and opportunities in each theme area, and why it is important that they are addressed if we are to deliver on that future state.

[Section 5](#) brings together the Board’s research, analysis, engagement, consultation, and internal deliberation across all of the functional theme areas and considers them in the context of our proposed role statement and capability aspirations. It then sets out six Priority Reform Areas for more detailed reform options development in Stage 2, and the specific areas of inquiry we intend to undertake.

Finally, [Section 6](#) provides high-level ‘roadmap’ for Stage 2, including proposed community engagement opportunities as we identify and develop our reform options.



Section 2: The role for local government in 21st century Tasmania

We believe reaching a clear community consensus on the future role of local government in Tasmania is the single most important task for the Review. It will set the parameters for considering the changes the Board believes are necessary to deliver a system of local government that can successfully and sustainably deliver on that role.

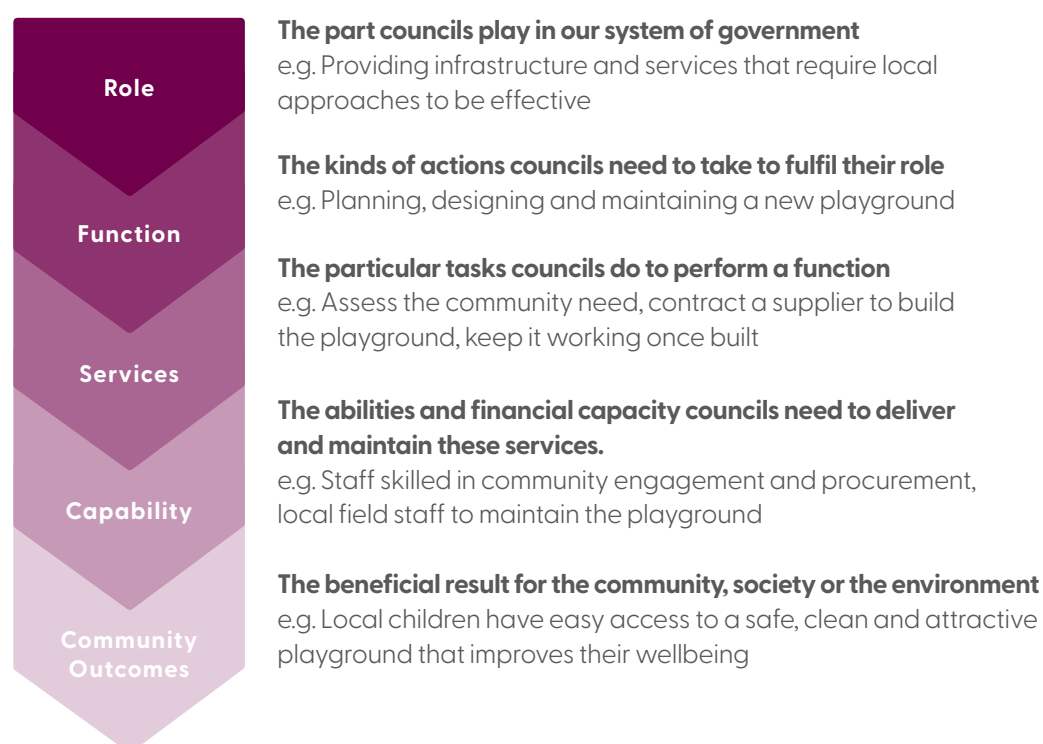


Figure 1 – Local Government Role Clarity Flowchart

The role we, as a community, decide that our third tier of government should play will drive and guide discussion on all the other elements of the Review's terms of reference. It will inform recommendations on the scope of functions and services councils should deliver, and the administrative, financial, and legislative mechanisms through which they should deliver them. And it will, ultimately, determine the mix of skills and capabilities that the sector needs, both from its staff and its elected members, to help improve the everyday lives of Tasmanians.

The feedback we heard from our community engagement during Stage 1 showed us there is a level of confusion and frustration about the role local government currently plays, and a desire to set a clear and more deliberate direction for the future.

Councils are under pressure from their communities to deliver services as a 'provider of last resort', where there are market failures or service gaps left by other levels of government. They also feel like they are expected to take on more regulatory and service delivery responsibilities without the funding and support that they need to do these things successfully.

We heard concerns about the capacity of some councils to manage and maintain their assets and about the greater costs of action when renewal and replacement becomes urgent and expensive. There are also concerns about regulatory and compliance services in some areas and the risks that underservicing by councils might pose to the community. Fragmentation and lack of coordination between councils – and between councils and the State Government – in strategic planning and service delivery is a common topic of discussion across a range of policy areas.

Generally, community members do not particularly mind who provides many services, so long as they are delivered at an acceptable cost and to a standard that meets their needs. Mostly, they simply want all levels of government to work together more effectively in their interests. But for some things – such as wellbeing, localised cultural activities and community advocacy – many Tasmanians value a strong level of local voice and influence.

The current situation has come about because the role of local government has evolved organically over time, so that it has come to be defined by the functions and services it delivers, rather than the other way around. It is the result of a series of compounding decisions – some small, some large – about the things that councils should and will do.

These decisions, while no doubt well-intentioned, have often been made in relative isolation without considering the broader context, including the highly variable capabilities that exist across our 29 councils.

This Review provides a generational opportunity for a ‘re-set’ on the role of local government in Tasmania. It gives us the chance to, firstly, ask ourselves the fundamental questions about those things local government can do better than other levels of government and, secondly, to undertake a deliberate and careful process to make sure our future councils are optimised to do those things.

Future role – a charter for local government?

To help us move forward with this critical exercise, we have developed a high-level role statement capturing three key areas that we think could underpin the future role for local government in Tasmania. The statement is based on our research and engagement feedback in Stage 1. It is designed to promote community discussion and, hopefully, build some broad consensus to move forward.

In broad terms, the proposed role statement reflects and supports a shift – already underway in many cases – in the role of local government from infrastructure provision and ‘services to property’ towards supporting the wellbeing, resilience, connectedness, identity, and culture of local communities. This shift – and its underlying drivers – is discussed and evidenced in more detail in the Research Paper we commissioned UTAS to prepare on local government and place-shaping⁸.

A proposed role statement for local government in Tasmania

To support and improve the social, economic, and environmental wellbeing of Tasmanian communities by:

1. Harnessing and building on the unique strengths and capabilities of local communities

This means local government is a crucial ‘grassroots’ democratic space where – through discussion, debate, and agreed collective action – local communities are empowered to draw on networks, build social capital, and forge cultural identities.

2. Providing infrastructure and services that, to be effective, require local approaches

This means local government directs its resources to delivering those things that are shown to work best when designed

and delivered at the ‘sub-regional’ scale.

It also means that infrastructure and services should be delivered at a regional or statewide level if it is more effective and efficient to do so.

3. Representing and advocating for the specific needs and interests of local communities in regional, statewide, and national decision-making

This means local government is an effective local advocate in those areas where it does not have direct service delivery responsibility and works with other levels of government to facilitate and deliver the things their communities need most. Local government becomes a broker and delivery partner in a range of areas, in varying capacities.

It also reflects a proposed realignment of the ‘subsidiarity principle’⁹ as it currently applies to local government in Tasmania. This means that infrastructure and services should be delivered by the level of government, and at the organisational scale, that will achieve the greatest overall value to the community.

For example, where the cost of having a service delivered by a local council is high, and there is no clear additional value to the community in having that service delivered locally, the case for the council continuing to deliver that service is weak. Conversely, where there are substantial benefits to a community in having a locally tailored and delivered service, and where delivering that service at a larger scale would only deliver small cost efficiencies while reducing service quality, then the case for local delivery will be strong.

This can be a tricky balance to strike, and requires a detailed understanding of service cost efficiency, quality, and delivered public value. The Board will be commissioning some detailed analysis in Stage 2 to investigate this issue further. There will be a specific focus on where larger economies of scale could potentially deliver better overall outcomes for Tasmanians in relation to certain service types.

Alongside the UTAS research findings, we are hoping that this work will support a transparent and informed community discussion during Stage 2 on potential trade-offs between service

cost efficiency on the one hand and service quality and responsiveness on the other, and how these might be most effectively and equitably balanced to deliver the best overall outcomes for Tasmanians. It will also inform a broader discussion about which functions, and services in the future may (or may not) be best delivered at the local level.

Using an intensive expert, community, and stakeholder engagement process, we will build on the high-level statement to developing a more detailed and comprehensive role statement for local government.

This could take the form of a local government ‘charter’ which could eventually be considered for inclusion in the local government legislative framework. This kind of charter could do things like define the role of mayors and other elected members and set out supporting decision-making principles and practices that councils need to apply when representing and acting on behalf of their communities.

The scope of inquiry on role is discussed further in [Section 5](#), where we identify this piece of work as a central and overarching element of our Priority Reform Areas for Stage 2.

Consultation questions:

- *Do you agree with the Role Statement? Does it make sense? Are there any gaps?*
- *Which are the services that you think benefit most from ‘local’ design and delivery? Why? When it comes to those services, how local is ‘local enough’ to deliver for the community?*
- *What do you think about the idea of a ‘charter’ for local government? If we develop a charter, should it be legislated?*

⁸University of Tasmania, Tasmanian Policy Exchange, 2022. *Place-shaping and the future role of local government in Tasmania: evidence and options*. (www.futurelocal.tas.gov.au/wp-content/uploads/2022/06/FoLGR-UTas-Paper-3-Place-shaping-and-the-future-role-of-local-government-in-Tasmania.pdf)

⁹ The subsidiarity principle is intended to ensure that decisions and tasks are undertaken at the level that is closest to the citizen and that checks are made as to whether functions delivered at that level are justified in light of the possibilities and benefits available at higher levels of government.

Section 3: Capability for the future: Successful and sustainable councils

The Review's central objective is *"...to create a more robust and capable system of local government that is ready for the challenges and opportunities of the future"*. That is a very broad and ambitious goal. No doubt, it will also mean different things to different people.

Capability and outcome aspirations

1. Role Clarity and Strategic Coordination

What does this mean?

Councils have responsibility, accountability, and autonomy for providing a clearly defined range of place-based functions and services. The community has a clear understanding of the role of local government, what their councils do, and why. Councils work in a smart, collaborative, and effective way – with one another, with business, with the community, and with other levels of government – to meet the needs of their individual local communities while having regard to the overall social, economic, and environmental wellbeing of all Tasmanians.

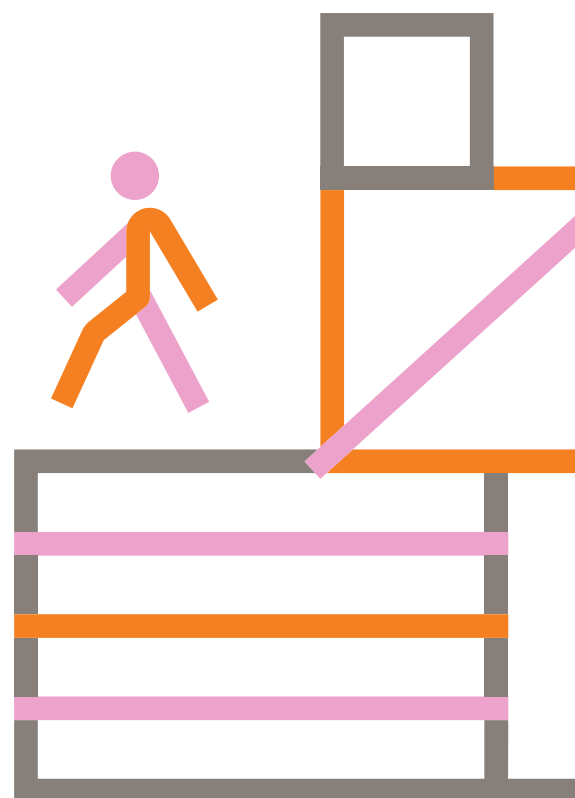
2. Strategic and Technical Capability

What does this mean?

Councils have ready and reliable access to a high quality, professional workforce, supported by knowledge, systems, and data. This allows them to make good decisions that deliver on clearly defined objectives informed by what their communities want and need. As an employer, councils attract and retain good people who have the right mix of skills to deliver for their communities.

That is why the Board has decided to provide a clear, overarching picture of what we believe we are ultimately trying to deliver when we talk about ‘capability’. In other words, “what will local government in Tasmania look like at the end of this process if we succeed?”

To help do this, the Board has developed a set of ‘capability and outcome aspirations’. Importantly, these aspirations make clear that our vision is holistic – it is about ensuring much more than sustainability in the sense of simple cost efficiencies. In broad terms, these are a set of statements that describe what we think should be the defining features of a successful and sustainable system of local government for Tasmania in the 21st century.



3. Financial Capacity

What does this mean?

Councils have the necessary financial resources to plan for, provide and maintain – on a sustainable basis – infrastructure and services to a clearly defined and consistent level, which meets the current and projected future needs of their communities. Funding models that support councils are equitable, transparent, consistent, and efficient.

4. Efficiency, Effectiveness, and Equity

What does this mean?

Councils deliver infrastructure and services that meet the needs and preferences of communities at the lowest possible economic, social, and environmental cost. Service standards and associated costs are transparent and applied in an equitable way so that all Tasmanians have access to a certain level of services, but which also reflects communities’ willingness and capacity to pay. Services where local differentiation is not necessary, or desirable, are delivered at a scale that maximises their overall value for money. Cost efficiencies achieved from increased scale economies are re-invested in locally tailored services that are valued by local communities and which support wellbeing.

5. Good Governance

What does this mean?

Councils are underpinned by a robust and trusted system of local democratic participation, representation, and accountability, where decision-makers (both elected members and council staff) act transparently and with integrity in the best interests of their communities. Elected members reflect and represent the diversity of the communities they serve and are competent stewards of resources, people, and place. Because of this, local communities have confidence in their council’s elected members and staff, actively engage and participate in council decision-making, and know they will be listened to on the issues that matter to them.



The aspirations act as a ‘vision statement’. But they also serve a clear and practical purpose in guiding the work of the Review over the next 12 months. We think they help in three main ways:

1. They have helped us shape the development of more specific ‘future visions’ for each of the Review theme areas (we talk about these more in [Section 4](#)). They also form the basis for our Priority Reform Areas;
2. They will help us develop a set of clear measures and indicators for assessing how well the sector is performing now. By doing this, we will be able to identify areas of strength and where there are potential weaknesses, to guide identification and prioritisation of potential reform opportunities; and

3. They will help us to test reform options. In this way, the aspirational statements, and the measures that sit beneath them, will act as reform ‘assessment criteria’. This will help clearly identify and prioritise specific reform recommendations that the Board believes have the best prospects of delivering a more robust and capable sector in the future.

It is important to note that the capability and outcomes aspiration statements deliberately describe system characteristics and their associated benefits. These characteristics are important and relevant irrespective of the future roles, functions, or design of Tasmanian councils. They purposely leave open the possibility for a range of potential solutions to deliver on the aspirations, including different pathways to service consolidation, as discussed earlier.



We think these characteristics are essential, but we also acknowledge they are not enough on their own to tell us how the community sees the role of local councils in supporting broader objectives like improved community wellbeing, economic prosperity, and environmental sustainability.

It is important that, as we move forward into Stage 2, we are confident there is broad community support for our broad vision of what success looks like. We will not be able to have the right kind of discussions about reform options unless we have this common ground.

The Board has developed the aspiration statements based on what we have heard during consultation, what we have learned from the research and analysis that we have commissioned in Stage 1,

and our own ideas and experience. Now we want to hear what the community thinks.

Consultation questions:

- *What do you think about the Capability and Outcome Aspiration Statements? Are they useful?*
- *Do you agree with what they say? Is anything missing?*



Section 4: Opportunities, issues, and challenges

In this section, we identify and discuss a range of issues, opportunities, and challenges for local government in Tasmania across our seven Review Themes. The things we talk about have all come up strongly during the discovery and engagement phase in one form or another: be it through community and stakeholder feedback via the formal engagement processes, written submissions, or our own research and analysis.

In a number of areas, these sources of data and evidence have allowed us to see common issues from different angles, and in the process, have given us a broader sense of some underlying structural drivers that we believe cut across all our Review Themes. Those are the areas where we are recommending further investigation in Stage 2, and which we set out in the next section.

Each of the Review Themes are broad, reflecting the scope and diversity of functions and services that councils currently deliver across the State. In this section, we want to focus on the key issues as we see them. For those who want to get a better idea of the current range of roles, responsibilities and services councils are involved in under each of the themes, the Board has published a series of short fact sheets that explain this in more detail (see [Appendix 4. Review Theme Fact Sheets](#)).

This section is structured so that for each of our Review Themes we:

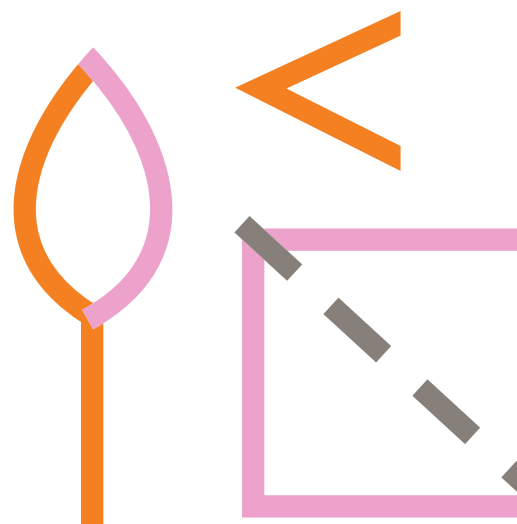
1. Provide an overarching summary of the things we think are important to focus on, and how this informs and is relevant to our broader Priority Reform Areas in [Section 5](#);
2. Set out a ‘future vision’, which translates the proposed role for local government and the high-level capability aspirations we discussed in Sections [2](#) and [3](#) into a more tangible set of desired outcomes for each of the core functional areas that councils are currently involved in; and
3. Explain in more detail the main structural issues, challenges and opportunities as we understand them – at the broad, system-wide level – including how they either support or potentially hinder the future vision.

What does ‘success’ look like? – explaining our review theme ‘future visions’

For each Review theme, we have developed a ‘Future Vision’ statement. These statements have been designed using our developing understanding of the future role of local government and the Capability and Outcome Aspirations discussed in [Section 3](#) of this Report. Importantly, our Future Visions do not pre-empt any structural design for the sector, nor do they imply any existing service failure. They have been used to assess and better understand the community feedback and other evidence we have brought together in Stage 1.

Consultation questions:

- *Do you think the Future Visions capture what ‘success’ would look like if all our councils were working well? Is there anything you would add or remove?*
- *Thinking about the Future Visions and how we might achieve them, are there any other opportunities, issues, and challenges under the Review Themes that you think the Board might have missed?*



Review theme 1: Infrastructure provision and management

Overview

Councils manage more than \$11 billion worth of vital infrastructure across the State, ranging from major arterial roads through to local playgrounds and barbecue facilities. The infrastructure councils decide to provide and maintain is important to local communities, but it can also have significant social, economic, and environmental impacts at both the regional and state-wide level. For instance:

- Councils are responsible for a significant amount of Tasmania's passenger transport and freight routes, owning and managing approximately 80 per cent of the State's total road network. Well-maintained local roads are essential to support both safety and economic productivity;
- Councils can, and do, play a strong and positive role in planning and shaping urban and suburban environments to support a range of wellbeing objectives, particularly through the provision of infrastructure (e.g. green corridors, transport accessibility, supporting community sport and recreation and local cultural activities); and
- The design and provision of stormwater infrastructure is crucial in helping to protect local communities from the impacts of extreme wet-weather events, which are predicted to increase with the effects of climate change.

Tasmanian councils – like those across the country – are under pressure to balance spending across both new and existing infrastructure assets, while also meeting new demands for a broader range of community services. At the same time, many smaller councils struggle to build and maintain both the revenue and the mature strategic asset management **capability** they need to ensure infrastructure investment decisions support their long-run **financial sustainability**.

The Board believes that better **strategic coordination and consolidation** of councils' infrastructure funding, procurement, and delivery – particularly for large projects, whose impacts reach across municipal boundaries – is likely to deliver enhanced overall value to the community overall, while minimising unintended externalities.

Given the vital importance of sound asset management to councils' financial sustainability, improving **strategic capability** is also crucial. Engineers are in short supply and high demand, and asset management skills are currently spread too thinly and unevenly across the sector. We need to look at structural options that will attract and retain the skills we need while improving consistency and overall quality in asset management systems and approaches state-wide.

Future vision - infrastructure provision and management

Councils plan for, provide, and manage their infrastructure assets in a strategic, efficient, and sustainable way, such that they respond to and meet the current and future needs of the local communities they serve, while simultaneously supporting regional and state-wide social, economic, and environmental objectives.

Councils can do this because they:

- Have the sustainable financial capacity to plan, fund, and build required new infrastructure, while also managing their existing renewal and replacement obligations;
- Consistently adopt best-practice strategic asset management and procurement practices;
- Are supported by highly competent professional staff, working with high quality data and asset management systems; and
- Operate within a broader infrastructure planning, funding, and delivery framework that provides the right incentives for them to make economically efficient and equitable infrastructure investment decisions that maximise the overall net benefits to Tasmania.

What we have learned – issues, opportunities and challenges

Councils are coming under increasing financial pressure to maintain and renew their assets, while at the same time are being asked to meet a range of new service expectations

In 2020–21, both urban and rural councils in Tasmania spent roughly half of all their capital investment allocation on renewal of existing assets, and the other half on new or upgraded assets. For many Tasmanian councils (particularly rural councils), diminishing rates bases, largely fixed grant revenue, and increasing service demands in other areas will pose serious challenges to their financial capacity to fund maintenance and renewal in the future.

This is one of several areas where we have heard there are significant tensions between councils' 'traditional' and ongoing role as a provider of 'services to property', and increased pressures on councils to provide a broader range of social and community services.

Managing substantial infrastructure renewal backlogs is an issue for the local government sector nationally. The ALGA's 2021 'State of the Assets Report'¹⁰ indicates that, across Australia, 30 per cent of all local government assets are not in 'good' condition, 10 per cent require significant attention, and 3 per cent need replacement (at a total estimated cost of \$51 billion for the latter).

Deferring asset renewal can result in substantial economic and social costs through reduced service levels, as well as more expensive remedial works to address damage caused by maintenance not being performed. In the latter case, councils often require support from other levels of government to bring severely degraded infrastructure back up to appropriate standards.

Tasmanian councils are required to report on a number of asset management indicators, including the 'asset sustainability ratio'. This ratio provides a comparison of the rate of a council's spending on its existing infrastructure, property, plant, and equipment through renewing, restoring, and replacing its assets, accounting for depreciation.

¹⁰ Australian Local Government Association, 2021. *Australia's Local Government 2021 National State of the Assets*. (alga.com.au/app/uploads/ALGA-2021-NSoA-Technical-Report-FINAL.pdf)

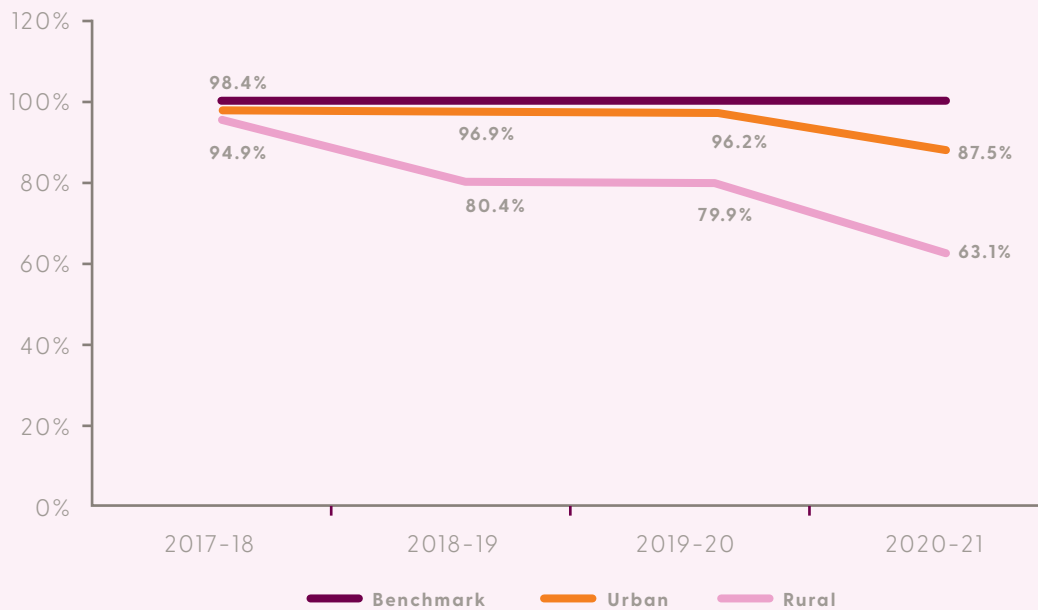


Figure 2: Asset Sustainability Ratio, Rural and Urban Councils, 2017-18 to 2020-21 Source: Tasmanian Audit Office, 2022. Auditor-General's Report on the Financial Statements of State entities -Volume 2 Audit of State entities and audited subsidiaries of State entities 31 December 2020 and 30 June 2021

Figure 2, above, shows the average asset sustainability ratio for Tasmania's rural and urban councils over the past four financial years. An asset sustainability ratio higher than 100 per cent indicates that councils are maintaining operating capacity through renewal of their existing asset base. Ratios lower than 100 per cent indicate a shortfall in asset renewal spending¹¹.

The Tasmanian Audit Office (TAO) notes that, over the past four years, most councils failed to meet the benchmark, with only 10 councils having an asset sustainability ratio on average equal to or above 100 per cent over the four year period. Three councils averaged above 90 per cent, with 11 below 80 per cent. Councils not meeting the benchmark include a mix of both rural and urban councils. Looking further back over a seven-year period (2014-15 to 2020-21), the data indicates that urban councils, on average, had had a lower overall asset sustainability ratio than rural councils.

Spending on asset renewal can be deferred in the short-term if there are insufficient funds available from operations, and borrowing is not an option. However, as noted above, deferred maintenance and renewal beyond a certain point can cost communities significantly more in the long run.

A lack of sector-wide consistency in asset life, valuation and depreciation treatments also persists across the Tasmanian local government sector, which can make it difficult to obtain a clear and comparable picture of councils' current and future renewal requirements. This issue appears to remain, despite a series of recommendations made by the TAO in 2013¹². From 2013 to 2020 Tasmanian councils had the lowest rate of depreciation of assets of all states, suggesting that their mix of assets is anticipated to last longer than the mix in other states¹³.

¹¹ The benchmark is based on a council expending the equivalent of its annual depreciation expense on asset renewals within the year (noting that because many assets are long-lived this will not always occur evenly or consistently on a year-by-year basis).

¹² Tasmanian Audit Office, 2013. *Report of the Auditor-General No. 5 of 2013-14 Infrastructure Financial Accounting in Local Government*

¹³ Australian Local Government Association, 2021. *Australia's Local Government 2021 National State of the Assets*. (alga.com.au/app/uploads/ALGA-2021-NSoA-Technical-Report-FINAL.pdf)



The Board will be investigating this issue in more detail in Stage 2 to understand the extent to which councils – both rural and urban – are under pressure to defer renewal in order to fund other activities. We will also look at whether ‘useful asset lives’ are being unreasonably established or extended to minimise depreciation costs and manage other expenditure or operating pressures. The extent to which either or both things may be occurring has potentially significant ramifications for the scope and associated cost of future infrastructure renewal across the sector and, therefore, the current and future financial position of councils.

Strategic asset management maturity and capability is highly uneven across the sector, and this is being exacerbated by skills shortages and a lack of clear regional coordination and cooperation

Effective long-term strategic asset management requires informed decision-making based on reliable data about asset life, condition, depreciation, and replacement costs, which is subject to regular testing and review.

We have heard during Stage 1 that it is generally accepted – including by the local government sector itself – that the sophistication and maturity of asset management practices is highly uneven from council to council. This is likely to be driven principally by capability differences, and, in particular, the lack of access to skilled civil engineers and asset management professionals at some councils.

Local Government Act 1993 (LG Act) sets out the minimum requirements for councils’ asset planning and management practices. These requirements commenced in 2014 as part of a broader set of reforms designed to improve councils’ financial and asset management and sustainability, including through greater accountability measures. These requirements include councils implementing and monitoring effective asset management policies and strategies (which should cover required service levels, asset lifecycle and other financial considerations) and establishing a 10-year strategic asset management plan for major infrastructure classes, including roads, bridges and stormwater).



Figure 3: Councils with current long-term strategic asset management plans
Source: ALGA (2021) The National State of Assets Technical Report

Together, the long-term plans, policies and strategies are intended to form an integrated package of detailed planning documents that directly inform and relate to the council's broader strategic plan and long-term financial management plan. Under the Act, all these documents must be reviewed at least every four years.

It appears many Tasmanian councils find it difficult to maintain up-to-date long-term strategic asset management plans in line with their statutory requirements. ALGA's 2021 National State of Assets Technical Report¹⁴ indicates that in 2020, 30 per cent of Tasmanian councils did not have a current Strategic Asset Management Plan (down from 15 per cent in 2015).

Figure 3 above, however, shows that these challenges are not a uniquely Tasmanian phenomenon and are an issue for local government nationally. For example, 30 per cent of all surveyed local councils across Australia reported not having a strategic asset management plan.

Both LGAT and the State Government have provided guidance and resources to support improved asset management capability – for example, LGAT offers access to asset management services via its shared procurement portal for councils, and provides support to the Tasmanian Asset Management Group – but persistent skills shortages and supporting capability constraints (e.g. data and asset management systems) appear to be hampering further practical wholesale improvements. In Stage 2, we will continue to build our understanding of options to build consistency and capability in asset management across local government.

¹⁴ Tasmanian Audit Office, 2022. Report of the Auditor-General No. 5 of 2021-22. Auditor-General's Report on the Financial Statements of State entities. Volume 2. (www.audit.tas.gov.au/wp-content/uploads/AGR-2020-21-Vol-2-Full-Report.pdf)

Better consolidation and coordination of council civil works contracting would likely deliver better value for money

The Board would like to understand whether significant differences in size and purchasing power across Tasmanian councils is resulting in material differences in the delivered cost of comparable infrastructure from one municipality to another. If that is the case, there could be significant cost efficiencies for councils and communities if infrastructure procurement were planned and executed at greater scale. We will be investigating this issue further in Stage 2 to understand the extent and scale of cost differences.

Councils' capital works programs routinely require the purchase of services from civil contractors. Therefore, the efficiency and effectiveness of procurement and contract management processes is also critical to delivering cost efficient infrastructure. Good procurement processes are an essential part of making sure that councils and their communities achieve sound value for money.

Tasmania's Auditor-General has completed two recent performance audits in respect of procurement in local government, in 2019 and 2020. While the audits focused on only a selection of councils, they did point to some substantial systems and capability issues at those councils, particularly for staff skills, training and support and supporting systems and processes. A third performance audit is expected to be published this year and will provide further evidence to inform Stage 2.

The civil construction industry in Tasmania is dominated by a small number of major players, who are also regularly contracted by the State Government for various major projects. This means that currently, councils and/or the State Government may be at any given time simultaneously approaching firms to procure construction services. This can put upward pressure on contract prices.

Therefore, there are likely to be potential cost and other benefits of better aligning the planning and delivery of major capital works across councils and between local and state governments to facilitate a planned 'pipeline' of projects. We are interested in exploring these opportunities further in Stage 2 of the Review.

Fragmentation in strategic land use and infrastructure planning, funding, and delivery is a real issue, despite regional structures designed to improve coordination

Tasmania's current system and structure of local government can make it difficult to align and coordinate effort across council boundaries, and this is particularly the case when it comes to long-term land use and infrastructure planning at the regional level. Competition between councils for residential development to support their individual rate bases (while rational) can and does act as a serious barrier to strategic land use and settlement planning, driving urban sprawl and negatively impacting liveability.

A lack of strategic coordination between land use planning and infrastructure delivery – both across councils and between councils and state government – can lead not only to the inefficient or inequitable allocation of scarce public resources, but also impose costs on the broader Tasmanian community. For example:

- Approval of new developments can impose costs on councils and their communities in terms of new infrastructure requirements (or impacting existing infrastructure). If not managed well, this can lead to unfair cost distribution and subsidies, and substandard infrastructure;



- Investment to increase the capacity of roads that serve car-reliant peri-urban settlements can induce further demand in those areas, in turn creating political pressure to provide, often at significant cost to taxpayers, new or enhanced infrastructure and services to serve those communities; and
- Potential inequities and cross-subsidies can also arise between councils where major community facilities (e.g. aquatic centres) are funded by one council's rates base but enjoyed by the residents of another (noting that efficient user charges will off-set this, at least to some extent). In its submission to the Review, Launceston City Council referred to this as the 'spillover effect'.

Acknowledging these challenges, attempts are being made to improve strategic land use and infrastructure planning, particularly at the regional level; for example, through the three council regional authorities and the development of regional land use strategies. It is unclear if the current system – given the inherent inter-municipal competition it creates – can provide sufficient incentives at the individual council level for highly effective strategic planning at the inter-council, regional and state-wide level, for example to support efficient and effective infrastructure investments in key freight and tourism routes. We will look at this further in Stage 2 by considering the effectiveness of current regional governance models.

Funding mechanisms also play a role here. Local councils fund infrastructure through a combination of self-funding and capital grants from the State and Australian Governments (e.g., Roads to Recovery, the Local Roads and Community Infrastructure Program, and other Specific Purpose Payments). While over the last four years 75.8 per cent of councils' capital spending was self-funded¹⁵, in general terms rural councils rely more heavily than urban councils on grants funding, as they have less capacity to raise own-source revenue.

We have heard that capital grants to councils can provide much-needed infrastructure investment in communities, but they also create long-run maintenance requirements for those communities, which needs to be managed as part of councils' overall long-term financial and asset management planning. If not managed in a coordinated way, multiple funding streams from State and Federal Governments also have the potential to create or compound issues with fragmentation in infrastructure planning and delivery at the regional and state-wide level. The Board would like to build its understanding of these tensions and options to resolve them in Stage 2.

¹⁵ Tasmanian Audit Office, 2022. Report of the Auditor-General No. 5 of 2021-22. *Auditor-General's Report on the Financial Statements of State entities. Volume 2.* (www.audit.tas.gov.au/wp-content/uploads/AGR-2020-21-Vol-2-Full-Report.pdf)

Review theme 2: Finance and administration

Overview

The local government sector currently employs close to 3,500 full-time equivalent (FTE) employees, with total operating revenues of about \$900 million annually, and assets worth about \$11.5 billion. In 2020–21, Tasmanian councils collected over \$0.5 billion in rates and levied \$144 million in other fees and charges. Councils also receive significant funding in the form of grants and transfers from the State and Australian Governments (\$126 million in 2020–21), both on a recurrent basis, and for specific projects and programs.

As with any level of government, sound financial management and competent and professional public administration are essential at the local council level to ensure that all public funds are spent **efficiently, effectively, and transparently**.

It is imperative that local government extracts the maximum overall social and economic benefit to the Tasmanian community from funds it receives from its local residents and ratepayers, and the Australian and Tasmanian Governments.

While some Tasmanian councils have established shared or common services arrangements, in most cases councils still fund and administer their key functions and services in relative isolation. This inevitably results in a level of fragmentation, duplication, and inconsistencies, between councils in terms of capability, systems and services, particularly for common ‘back office’ functions like IT and human resources. Employee costs vary substantially from council to council.

We believe that there are likely to be a range of areas where **functional consolidation** and greater scale economies would drive substantial cost efficiencies and deliver better value for the Tasmanian community overall.

More importantly, such consolidation would better support the development of a ‘critical mass’ of **strategic capability** in technical regulatory and other service delivery areas where many councils are currently struggling and a reinvestment and redeployment of savings into locally-focused customer-facing areas, which can only result in **higher-quality, more locally responsive services**.

Future vision – finance and administration

Councils are financially sustainable and fiscally responsible, raising revenue and investing in their communities in a manner which is efficient, transparent, and equitable, and enables the provision of high quality, value-for-money services which are responsive to current and future community needs.

Councils can do this because they:

- adopt sound financial planning and management practices linked to clear and sustainable strategic goals and informed by the needs and aspirations of their communities;
- consistently utilise best practice procurement and contracting practices that deliver value for money;
- are able to attract and retain skilled professionals to enable them to effectively and efficiently meet their statutory and non-statutory functions and individual community needs;
- proactively seek cooperative approaches to resource and service sharing which allows for equitable and sustainable delivery of services across municipal areas; and
- operate within a system of grants and transfers from other levels of government that supports sustainability, efficiency and innovation.

Council staff should also benefit. More capable and mature organisations provide better working environments, including for skills development, promotion opportunities, and depth and diversity of work.

Funding sources and models for local government – including grants and transfers – will need to be looked at closely as the Review progresses, but any convincing case for substantive change will first need to be supported by evidence that councils are operating as **efficiency and effectively** as they can. Transition support for any major structural changes will of course also form a key part of this conversation.

What we have learned – issues, opportunities and challenges

Many smaller rural councils will continue to experience shrinking rates bases, combined with growing service pressures and ongoing challenges attracting and retaining skilled professionals. This will impact on financial sustainability in the medium to long-term, without structural change.

Whether our current system of local government can support the delivery of high-quality services to local communities on a financially sustainable basis is a central and fundamental question for the Review. Rural councils already rely substantially more on grants and transfers compared to urban councils because of smaller rates bases and limited other revenue streams.

Demographic trends will place rural councils under further pressures, as our population ages and increasingly moves to the urban and suburban fringes. Recent research revealed that 17 of Tasmania's local government areas were either in structural population decline¹⁶, or on the cusp of such decline. When considered alongside the largely fixed grants pool from the Australian Government, and the limited capacity to pay for those residents who remain, this paints a highly challenging picture for many of these councils from a financial sustainability perspective.

¹⁶ University of Tasmania, Institute for the Study of Social Change, 2019. *The Changing Nature of Work in Tasmania*. University of Tasmania. (www.utas.edu.au/__data/assets/pdf_file/0004/1048891/InsightOne.pdf)

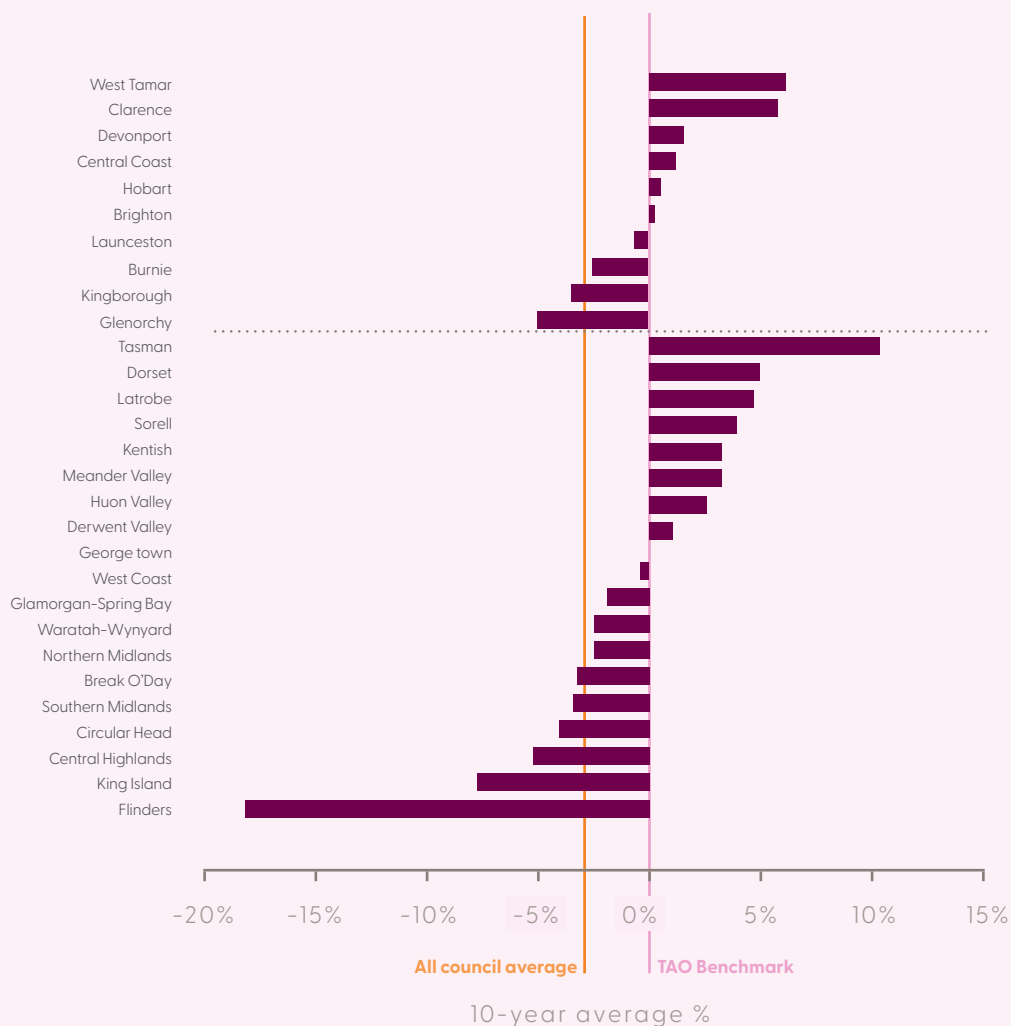


Figure 4 – Tasmanian Councils 10-year Average Underlying Surplus Ratio
Source: Council audited financial statements

Trend analysis over the past 10 years shows that, on average, 11 of Tasmania's 19 rural councils did not meet the TAO benchmark of a 'break even' underlying surplus ratio¹⁷ position (four of the 10 urban councils also had negative ratios over this period). See Figure 4, above.

What this means is that, without some form of structural change, grants and transfers will need to significantly increase or expenditure on services will need to be reduced to ensure those councils with diminishing access to own-source revenue can remain sustainable.

The Board has commissioned detailed financial sustainability analysis covering a 10-year period to better understand the current and likely future position of Tasmania's 29 councils, having regard to key demographic trends. Gaining a clear and accurate picture of councils' current and future infrastructure asset renewal requirements will be central to this work.

However, the capacity to deliver higher quality and more efficient services to the community - including by minimising cross subsidies where possible - will be more important for the Board than the 'financial survival' of councils when considering reform options in Stage 2.

¹⁷ The underlying surplus ratio shows a council's operating surplus as a percentage of its operating revenue. A negative result indicates a deficit that cannot be sustained in the long term.



There is broad consensus that significant benefits – both financial and strategic – could be achieved from service consolidation in the local government sector, but there are a range of views on what this looks like and how it should be achieved.

The Board has heard there is a general acceptance that councils will need to undertake some form of service consolidation, to achieve economies of scale, ensure operational sustainability, build consistent capability, promote efficiency and effectiveness of service delivery, and align regional activities to provide maximum benefit to communities.

However, there is not yet any clear consensus on the best model for that consolidation. Differing approaches expressed across the written submissions include:

- Wholesale changes to council structures and borders based on models of shared regional profiles or urban-rural divides;
- Consolidation of a wide range of council services into shared service entities responsible for delivering these services consistently across the State. Services commonly identified include asset management, back-office functions such as accounting, payroll, IT, human resources, procurement, economic development, land use planning, waste management, environmental health, economic development, planning and roads; and
- Pooling of technical council staff into a resource shared by councils to address regional workforce shortages. Key positions identified include planners, economic development officers and environmental health officers.



- The Clarence City, Sorell, Tasman and Kingborough Councils have established Southern Waste Solutions, which includes the Copping C-cell and landfill facilities;
- The South East Region Development Association (SERDA), made up of Sorell, Tasman, Clarence and Glamorgan Spring Bay Councils, acts a 'jobs hub' to connect local people to local businesses and provide free business advice for small businesses;
- Kentish and Latrobe Councils have effectively undertaken an 'administrative merger' with both councils supported by a single, shared bureaucracy;
- The Cradle Coast Authority – a joint authority of North-West councils has supported a number of shared initiatives, including joint telecommunications procurement, and is now collaborating on recycling services; and
- Brighton Council, through its Common Services Model historically provided services to other councils directly on a fee-for-service basis.

What we did hear clearly was that, for consolidation to be successful and ensure the best outcomes for communities, it must be appropriately structured, and driven by sustainability and capability, not purely cost efficiency. In other words, any consolidation must ultimately enhance councils' ability to deliver better services.

We know there are a variety of approaches to resource and service sharing already in place across the sector. For example:

- TasWater was established in 2013 to manage the State's water and sewerage infrastructure, but remains under the majority ownership of councils, on behalf of the Tasmanian community;
- Kentish, Latrobe, Devonport and Central Coast Councils have established Dulverton Waste Management as a joint authority;

However, these types of arrangements remain the exception rather than the rule, despite previous analysis that has showed a range of significant potential benefits¹⁸. It appears that the current structure of Tasmania's local government system makes it difficult for these kinds of arrangements to evolve and persist.

The Board has heard that the development of more structured and deliberate shared services models might be one way of achieving the benefits of scale economies, while preserving local representation, and we are open to considering this further as one element of the suite of potential design options we will be unpacking during Stage 2. As part of this, we are commissioning work to understand the key drivers and outcomes of shared services models that have been delivered in Tasmania and other jurisdictions.

¹⁸ See for example the South East, Northern and Cradle Coast Voluntary Amalgamations and Shared Services Studies.

Council procurement is a clear target for increased service consolidation, whichever model is pursued

Some councils specifically flagged procurement as one function where there are likely to be significant benefits from increased consolidation and coordination. This is particularly the case for systems like IT – where commonality between councils can facilitate further shared working – and for expensive civil construction projects (e.g. roads). This aligns with the findings of previous Tasmanian shared services studies and is reinforced by the efforts that some councils are already making, including with the support of LGAT through its shared procurement panel.

While opportunities in this area extend across multiple council services, the opportunities in relation to the consolidation of procurement activities is discussed in more detail within the Infrastructure Provision and Management theme discussion.

Councils need to be appropriately funded to perform their allocated roles and functions, and that funding should be collected and distributed in an equitable, efficient, and transparent way

The Board has heard that councils can struggle to deliver some functions in the context of current funding arrangements, particularly when it comes to their responsibilities for managing major infrastructure assets, like local roads. There are frequent suggestions from the sector of ‘cost shifting’ to local government, without commensurate funding support.

Councils receive funding from several grants and transfer programs, including specific-purpose capital grants from other levels of government and untied and roads-specific Financial Assistance Grants, which are funded by the Australian Government and distributed through the State Grants Commission.

At the national level, ALGA continues to lobby the Australian Government for an overall increase to the Financial Assistance Grant funding pool and LGAT contends that Tasmanian councils should receive a greater share of heavy vehicle revenue to support maintenance for damage caused by freight vehicles on local roads.

Any discussion about potential changes to grants and transfers from other levels of government also needs to consider the knock-on impacts on the rating effort of councils, and implications for the overall equity and efficiency of funding arrangements for local government. Getting this balance wrong, for instance, might allow councils to operate with less own-source revenue than otherwise would be raised or, alternatively, to deliver a standard of service above its communities’ willingness and capacity to fund – either way, it means that taxpayers will have to pay for that cross-subsidy.

Councils still rely on rates as their main source of revenue. While Tasmania does not have rate ‘pegging’ or ‘capping’ arrangements like some other jurisdictions, councils are still constrained to an extent by the capacity and willingness of their ratepayers to pay when setting rates. In Tasmania, rating in any given municipal can and does vary significantly and is influenced by factors such as rating methodology.

While the Board appreciates that further inquiry into local government funding mechanisms will be required during this Review, it is necessary that this exploration is first be led by a deliberative analysis of the options for the future role and functions of local government in Tasmania.

Review theme 3: Planning and other regulatory functions

Overview

Councils play a pivotal role in the Tasmanian planning system, leading strategic land use planning for their council area and acting as the approval authority for new developments. As well as planning and building functions, councils are responsible for other regulatory functions, such as the making of by-laws under the *Local Government Act 1993*, pollution control responsibilities under the *Environmental Management and Pollution Control Act 1994* (EMPCA) and public health responsibilities under the *Public Health Act 1997* and *Food Act 2003*.

This regulatory role gives councils a major influence over their local environment, local economy, and the community. With larger developments, the decisions made by one council can impact neighbouring council areas, and beyond to the broader Tasmanian community and economy.

There is general agreement that councils should play a leading role in making the strategic land use plans that guide the types of development appropriate to their council area. There is disagreement, however, whether councils should be responsible for assessing and permitting controversial developments under those plans.

Some believe councils should be fully empowered to reject, on a case-by-case basis, developments they believe will damage local

amenity and identity. Others believe that councils should set the parameters in a strategic land use plan, but leave it to an independent authority to make permitting decisions that conform with that plan. This group believe that councils have an inherent conflict of interest in representing their community while making decisions with much wider implications.

In Stage 2 of the Review, the Board will consider the appropriate **role** for councils in planning, and how it relates to their responsibility as **local representatives**.

A related issue is whether councils can access the technical expertise they need to assess and plan for complex developments and their impacts. Small councils said that they have difficulty getting the advice they need to assess large developments and to plan for complex emerging issues like climate change. While some issues such as climate change impacts have been codified in the State Planning Scheme, we will examine the options for giving councils the **strategic, regional and operational capability** they need to make these decisions, and other regulatory decisions. We will also consider the technical and regulatory support, such as common information or standard permit conditions, which might be put in place to support **sound and consistent** decision-making.

Future vision – planning and other regulatory functions

Future vision – planning and other regulatory functions

Councils deliver strategic and sustainable land use planning and other regulatory services which:

- appropriately balance community priorities and strategic metropolitan, regional and State objectives;
- consistently apply all relevant functions in accordance with the law, and in a manner free from bias or pre-judgement; and
- provide services for all Tasmanians in a responsive, equitable, transparent, and cost-effective manner.

Councils can do this because they:

- understand their roles and responsibilities within planning and other regulatory systems, and the strategic regional and State objectives;
- have engaged with their communities where appropriate, and understand their priorities;
- are supported by highly competent professional staff, working with high quality data, and with access to specialist technical and legal advice; and
- have delegated decision-making to the appropriate person or body where relevant.

What we have learned – issues, opportunities and challenges

Councils play an essential role in ‘place-making’

In the Board’s consultation, there was a strong view from councils, community members, and community groups that councils play a vital role in ‘place-making’ – that is, facilitating a collaborative approach to planning, designing, and managing public spaces to promote people’s health, happiness, and wellbeing. There was general agreement that councils are well-placed to do this because of their knowledge of their community.

There was also broad agreement that councils should continue to be responsible for strategic land use planning – developing the local provisions schedules that guide the types of developments that can be permitted in the council area and the conditions that apply to them.

In Stage 2 of the Review, we will consider how to make the best use of councils’ local knowledge in its role of shaping the local environment for the benefit of its community.

There is disagreement over whether councillors’ role as approvers of controversial development conflicts with their role as community representatives.

One of the main areas of disagreement we heard during Stage 1 was whether councils should continue to be responsible for permitting major and controversial developments in their municipal area. When considering controversial developments that are opposed by their communities, councillors can find their role as a planning authority conflicts with their role under the LG Act. The LG Act states that the functions of councillors include representing the community, acting in the best interests of the community, and facilitating and encouraging the planning and development of the municipal area in the best interests of the community.

When deciding on a development permit, a council is required to act in accordance with the *Land Use Planning and Approvals Act 1993*. This Act requires the council to make a decision in accordance with the planning scheme. As the planning scheme could have been made by a previous council, councillors may find themselves constrained from making decisions they consider are in the best interests of the community at the time of the decision.



Whether a council approves or rejects a development, their decision may be overturned on appeal by the Tasmanian Civil and Administrative Tribunal. This has occurred many times. This can delay the decision-making process and increase costs for development proponents, and for councils.

Some councils (and members of the local government sector) have said the State Government should establish an independent body to make decisions on controversial development applications. This view was put forward by some council staff, some development industry groups and some community members. These stakeholders also felt major project approval pathways could be used to achieve this outcome for controversial projects that are also major projects, and those pathways are not being used as often as they should be.

Another option put forward by selected participants to reduce the risk of role conflicts was for councillors

to delegate more of their development approval decisions to council officers, a practice which is already relatively common.

There was a strong counter view to this, however, from many community members, community groups, some council staff, and elected members. They felt councils should be fully empowered to reject inappropriate developments, where this is in the interests of their communities. They see this as an important and vital role for councils in protecting local community amenity and identity.

In a related issue, several stakeholders (principally council staff) said councils can face a conflict of interest when they are both proponents of a development and responsible for issuing the development permit. In those instances, it was suggested the approval role should be able to be referred to another body, such as another council or an independent planning authority.

In Stage 2 of the Review, we will explore mechanisms for resolving this apparent conflict between a council's role as a planning authority for controversial developments, and its role representing the interests of its community.

Councils lack the expertise needed to assess and plan for complex developments and impacts

There is general agreement from all stakeholders that some councils lack the technical expertise to assess large and complex developments. Major projects can have regional or state impacts (both positive and negative) that the responsible council may be ill-equipped to consider. While councils can refer major projects to the Minister for decision by an independent Assessment Panel, this does not always occur. Councils can come up against legal and technical barriers when considering new and innovative development types. For example, councils may have little experience in assessing and regulating medium density housing, which remains relatively uncommon in Tasmania.

For smaller rural councils, the challenge of assessing complex developments is even greater. Access to a skilled workforce is a problem for councils in many parts of Tasmania. All councils struggle to attract and retain planners, as well as other skilled professionals involved in the development approval process such as engineers, traffic engineers and heritage consultants. This can affect both the quality of the impact assessment, as well as development approval times.

Specialist technical skills are also needed for strategic land use planning. For example, planning for the impacts of climate change on coastal erosion, bushfire risk and flood risk requires complex modelling and analytical skills. It would be inefficient for all councils to maintain these skills in-house, and it can be challenging for councils to access them when needed.



We heard a range of solutions suggested for this problem during our Stage 1 engagement. There was support from many stakeholders for consolidating development assessment and planning services in a common pool, so that a multi-skilled team is available to a number of councils. Circular Head Council said in its submission,

it is not feasible for small Councils such as Circular Head to retain this diversity of specialisms [sic] in-house therefore we would propose that a pool of planners be established, potentially on a regional basis and with skills relevant to the region, for councils to tap into.

A wide range of models of consolidation were put forward, ranging from simple shared service arrangements managed by councils through to a single state-wide service managed by the Tasmanian Government. Resource sharing arrangements for planners have already been established by some councils. For example, Kentish



and Latrobe councils provide planning and environmental health services to West Coast Council.

In addition to service consolidation options, there were proposals to simplify the development assessment process so that councils would not need such highly skilled technical staff. For example, greater centralised support could be provided on the shared information base and common standards for matters, such as natural hazard mapping (e.g. landslip, bushfire, flood).

In a similar vein, standardised approaches for specifying, costing and approving the infrastructure associated with subdivisions (such as roads and stormwater drains) could reduce the technical challenge for councils. They would need fewer in-house skills for assessing and adequately budgeting for this infrastructure and its maintenance. Initiatives are underway to address this. The LGAT has a state-wide set of standards for engineering in

place, and the State Planning Office has agreed to fund a revision of the Standard Subdivision design and engineering guidance.

During Stage 2 of the Review, the Board will explore shared service arrangements for the skills needed for both development assessment and technical support for strategic land use planning. We will consider this in our exploration of shared services for a range of council functional areas, such as finance, information technology and waste. We will look at the lessons from current shared service arrangements and consider the costs and benefits of expanding or combining existing arrangements or establishing new ones.

Smaller councils can struggle to fulfil their broad regulatory and enforcement obligations

The feedback from consultation with the local government sector and state agencies was that councils face challenges fulfilling all the other regulatory functions they currently have. The effective delivery of these other regulatory functions depends on many of the same factors as planning functions, namely:

- the availability of suitably qualified staff;
- access to technical and legal advice; and
- appropriate record-keeping systems.

Skills shortages are a particular limitation, and this has been explored in detail for Environmental Health Officers (EHOs) (refer to the *Environment* theme discussion, below). A 2018 workforce survey of Tasmanian councils¹⁹ found that 69 per cent of councils were experiencing a skills shortage and 50 per cent were experiencing skills gaps. The top areas of skills shortage were identified as engineers, town planners, EHOs and building surveyors. The key reasons for skills shortages were:

- location of the council;
- inability to compete with private sector on remuneration;
- lack of suitably qualified/experienced candidates;
- reputation and public image of councils; and
- lack of vocational education and training providers in Tasmania.

When it comes to councils' compliance and enforcement role for building and plumbing permits, there is evidence of structural and capability challenges for councils. A recent survey undertaken by Consumer, Building and Occupational Services found councils' interpretation and implementation



of the plumbing provisions, including available enforcement actions under the *Building Act 2016* were applied inconsistently between councils, and in cases where compliance actions were considered, there was difficulty finding qualified plumbers willing to do that work, despite the lucrative opportunities in the private sector. In response, council officers have said there is a lack of clarity about council and State Government responsibilities for this function.

During Stage 2 of the Review, the Board will develop a broader understanding of councils' current performance of core regulatory and statutory roles, including differences in cost efficiency, quality, and responsiveness of services which may be caused by skills gaps and shortages. We will also investigate whether there are cost and capability benefits in consolidating regulatory services at some scale, as we are doing with planning services.

¹⁹ Local Government of Tasmania, 2018. *Local Government Workforce and Future Skills Report, Tasmania*. (www.lgat.tas.gov.au/_data/assets/pdf_file/0028/662329/LG-Workforce-and-Future-Skills-Report-Tasmania-Sept-2018-FINAL.pdf)

Review theme 4: Economic development and local promotion

Overview

Councils undertake a range of functions, services and activities that aim to increase local economic activity, facilitating improved community wellbeing, amenity, sustainability, resilience, and quality of life. They also play a key role in constructing local economic advantage through building skills, connections, and human capital. This is done either through active, focused effort, such as the delivery of programs to attract specific investment and economic activity, or through councils' other services and regulatory tools. For instance:

- The efficiency and consistency of council's process for assessing, approving, and setting conditions on development and business permit applications contribute to the investment appeal of their municipality;
- Councils build and maintain strategic relationships with key industries, businesses, State Government,

councils and economic development bodies to promote economic growth and diversity;

- Based on extensive local knowledge and community connections, councils are well placed to construct regional economic advantage by providing a bridging function in networks and supply chains. In this way, councils can function as the vital 'connective tissue' between the private sector, workers, civic or non-government organisations, and other tiers of government;
- Councils provide and maintain a wide range of economic and community infrastructure and services, which support economic activity and participation, and promote their municipality as a desirable place to live and visit; and
- Councils can and do provide direct support to prospective developers or investors in the form of 'rates holidays' or other forms of support.

Councils are well placed to understand the

Future vision – economic development and promotion

Councils effectively advocate for sustainable investment in, and economic development of, their municipalities, representing local needs while supporting the delivery of broader regional and state-wide economic goals. Investors have confidence that their development proposals will be assessed consistently and transparently, and that associated fees and charges will be based on fair and efficient cost attribution.

Councils can deliver this because they:

- understand the needs and aspirations of their local communities and the natural advantages of their local areas;
- have a robust understanding, and commitment to, regional and state-wide economic development objectives and work

within these frameworks to identify how their individual communities' competitive strengths and capabilities align with and can support these;

- proactively identify new and emerging opportunities for local promotion, investment, and development in collaboration with other councils, peak bodies and other levels of government; and
- have sufficient organisational capability to perform their role efficiently and expertly in administering development proposals, having regard to relevant statutory obligations and identified project costs and benefits for council and the community.

key economic drivers, and the weaknesses, vulnerabilities, and opportunities for their communities. However, because of this local focus, they are also at risk of acting without considering the regional, state, and national context, which can lead to conflicts between councils and duplication of economic development activity.

The Board believes that greater focus on regional **strategic collaboration and consolidation** between councils, State Government and regional development bodies should help councils strike the right balance between local economic objectives and achieving regional and state-wide economic development goals.

The Board also observes a lack of clarity around council's role and responsibility in undertaking economic development, with the only legislative mandate for councils to undertake economic development activities being the broad function

under the LG Act to "represent and promote the interests of the community". Better **defining council's role and responsibility** would allow councils to determine the mix of skills and capabilities they need to embed **strategic capability** into their economic development activities.

What we have learned – issues, opportunities and challenges

There is often misalignment of economic development planning and activity between councils, regional development corporations and the State Government

Economic development was identified through community engagement as the least important role which councils perform. While there was general support for councils playing a role in economic development, due to their knowledge of local

markets and community needs, many Tasmanians we heard from also identified issues with economic development being confined to ‘their patch’, and that improvements for economic development activities and outcomes ‘for all Tasmanians’ could be achieved through better coordination and increased economies of scale.

We heard a range of suggestions, such as establishing an overarching shared economic development entity and strategy for state and local government. Another option suggested was the sharing of economic development officers between councils within a region, to address workforce challenges and build shared professional capabilities in economic development, whilst still retaining local knowledge. These proposals were suggested as a means of facilitating enhanced resource and infrastructure sharing, and improved coordination of activities and action towards achieving common economic goals.

There is a perception in parts of the community that fragmented activities and duplication of effort across levels of government represents a waste of rate payer funds and a missed opportunity for regional coordination, which could be managed more efficiently.

Other submissions noted that the State Government is better equipped and resourced to manage economic development and can better ensure an even distribution of economic development activities and outcomes across the State. However, councils can play a key role in advocating for investment and funding for their region.

The Board recognises there is significant proactive collaboration between councils to support regional economic development, as demonstrated through the regional development bodies and instances of regionally aligned strategic planning and activity (such as the [2016 Sustainable Murchison 2040 community plan](#)). However, submissions have suggested that due to the largely voluntary nature

of these mechanisms, they have faced ongoing challenges in keeping their members invested, contributing and satisfied with outcomes. Some of these challenges can be a product of transient personalities, council and individual self-interest and questions about value for funding. As the UTAS research we commissioned found,²⁰ regional collaborations and partnerships need to be highly intentional, appropriately resourced, and have the long-term commitment of all parties in order to endure and deliver good outcomes.

We have observed that despite these challenges, there is, and will continue to be, tangible benefits to be realised through aligning economic development in Tasmania’s regions. In Stage 2 of the Review, we will explore opportunities for increasing the coordination and efficiency of economic development effort through measures such as:

- shared economic development entities and strategies;
- clarifying roles and responsibilities with other levels of government;
- greater sharing of skilled staff and infrastructure between councils, formalising existing and future collaborative endeavours; and
- structural changes to councils with shared regional profiles and dependencies on key infrastructure.

Current models of grant funding can discourage collaboration on regional economic development

During Stage 1, we heard from stakeholders across the local government sector that councils are in the unenviable position of having to attain and stitch together various sources of funding in order to craft their own economic development strategies. This

²⁰ University of Tasmania, Tasmanian Policy Exchange, 2022. *Place-shaping and the future role of local government in Tasmania: evidence and options.* (www.futurelocal.tas.gov.au/wp-content/uploads/2022/06/FoLGR-UTas-Paper-3-Place-shaping-and-the-future-role-of-local-government-in-Tasmania.pdf)

leaves councils with little room or appetite to pursue collaborative efforts. This competition for funding for strategy development applies equally to councils competing for economic development opportunities.

Individually, councils seek to increase their populations and visitors, and attract government funding and investment, often without consulting or considering the needs of, or impacts on, other councils in their region. There is evidence that this competition is often propagated, by both Australian and State Governments, through administration of competitive funding programs²¹. Strategic inter-council relationships can be fractured when councils are competing directly for funds. This is further exacerbated by strategic capability issues, particularly for grants funding, where smaller councils have less capacity and expertise to apply for grants, and may not have the financial capacity to attract larger grants that require matched funding.

During Stage 2, we will explore options to improve the capacity and capability of councils to collaborate in economic development activities. This could include models of grant funding that support collaborative regional projects and initiatives to deliver more naturally aligned objectives.

There are challenges in balancing economic development and tourism with the wellbeing and needs of local communities

Councils' role in balancing tourism and other economic developments with the ongoing needs of their resident communities was raised frequently by community, council and business stakeholders during Stage 1 of the Review. There are concerns councils are not always able or willing to develop their infrastructure to support increasing tourist capacity. There was also a view that councils must better consult and engage with their communities to ensure people do not feel left behind from the

effects of tourism development – particularly where there are impacts on housing and infrastructure.

Tourism is a key industry in Tasmania, and a key driver of economic activity across the State. Tourism in Tasmania directly and indirectly contributes around \$2.95 billion, or 9 per cent, to Gross State Product (GSP) and supports 14.9 per cent of total employment. Councils provide a range of services and activities to attract visitors to their local government area. Many submissions noted that tourism is the 'lifeblood' of their communities, but councils need to better manage for influxes of tourists and ensure this is done in a manner which supports and includes local residents. During Stage 2 of the Review, we will explore how councils can better engage with their communities and businesses on council priorities, and development priorities, for their municipal area.

We also heard through our consultation that in trying to attract or support individual businesses in their region, councils can create inequality in markets. These submissions note a tension between councils promoting economic development through attracting or 'propping up' businesses in their municipality and ensuring the viability and competitiveness of other businesses. These issues will also be explored by the Board during Stage 2 in considering how councils can balance economic development priorities and decisions in a way which considers their broader communities.

²¹Pugalis, L., Tan, SF., 2017, *The Role of Local Government in Local and Regional Economic Development*, University of Technology Sydney.

Review theme 5: Environment

Overview

Local government plays a key **advocacy and partnership role** in the development and delivery of local, state, and national strategies/reforms in areas of environmental concern; including waste management, circular economy²², and climate change.

Tasmanian councils also have a broad range of statutory powers and responsibilities for environmental management and protection, and the regulation of environmental activities. As a key area of public concern when considering future action, climate and the environment are unavoidable topics for councils.

As an historic core component of the traditional “roads, rates and rubbish”, waste management is often a first thought associated with local government. However, as our environment changes, there is growing demand for councils to advocate on other sustainability initiatives at the local level.

In addition, councils struggle to access the expertise they need to factor the effects of climate

change into their core business and environmental service responsibilities, such as conservation and infrastructure renewal. As the burden of climate change increases, consideration must be given to prioritising local action and the opportunities for greater **improvement in efficiency**. For some regions, pooling resources has been an effective way to improve councils’ waste management functions. There may be benefits in applying this approach to other environmental functions, and opportunities to further consolidate waste management functions through State Government reforms.

The Board sees the value in local governments having access to the resources that will allow them to use **strategic planning** to address the changing environment. As an issue that transcends municipal boundaries, there is a growing level of necessary engagement for councillors and their constituents to think of future generations, when making decisions at the local level about climate change.

²² A circular economy describes a model of production and consumption in which design is focused on reuse rather than waste and replacement

Future vision – environment

Councils fulfil all their statutory obligations for environmental protection and have planned for and resourced the achievement of any additional environmental objectives their communities support.

Councils can do this because they:

- Have access to the necessary technical and legal advice, and the necessary systems (e.g. record management, delegations etc), to fulfil their statutory obligations, including for waste disposal, weed control and feral animal control;
- Have access to cost-effective services to deliver both their statutory obligations and any additional environmental objectives they have adopted;
- Have documented all environmental objectives, both statutory and non-statutory, in their strategic planning documents and have appropriately resourced their achievement;
- Have clear local-level plans that support sustainability; and
- Have undertaken the required community consultation on those documents.

What we have learned – issues, opportunities and challenges

Councils need to respond to climate change across several competing fronts

There was wide recognition from all stakeholder groups that climate change poses a major challenge for local communities. It is perceived as a priority area that councils need the capability and resources to address, particularly when they are making critical decisions about land use and settlement planning, and infrastructure planning and provision.

Climate change increases the risk of natural disasters, such as bushfires and floods, which can be devastating to communities. Given councils' local emergency management responsibilities, council staff and elected representatives have said they want to be ready for what the future holds. It is this concern that motivates communities to re-consider the existing practices of councils and to voice their support for change.

As well as being able to respond to crises, councils need to future-proof the infrastructure they are responsible for, and the settlements they are authorising:

*in their role as planning authorities, councils will necessarily become increasingly tasked with ensuring that development, critical infrastructure including stormwater assets, long-term urban planning, and the existing built environment, will be resilient and adaptable to mounting risks associated with global climate change.*²³

Councils have told us that they want the capacity and capability to incorporate the impacts of climate change into their business decisions, especially when it comes to land use planning. In particular, we heard from coastal councils, that these concerns are growing stronger in their planning deliberations. The consequences of failing to do so are very real, with

²³ University of Tasmania, Tasmanian Policy Exchange, 2022. *National and international trends in local government and their relevance to Tasmania.* (www.futurelocal.tas.gov.au/wp-content/uploads/2022/05/FoLGR-UTas-Paper-2-comparative-trends-in-local-government-reform-final-220422.pdf)



erosion and landslips threatening people's homes and livelihoods. Through careful and consistent planning across the state, there can be greater confidence in future resilience. The responses from members of the community have also expressed strongly that this is a key area for the future of their councils. Currently, there is some confusion and conflict in roles between the State Government and councils on responsibilities for managing coastal erosion, which needs to be resolved.

As councils hold a major responsibility for establishing and maintaining infrastructure within their municipalities, the concerns related to resilience in the face of climate change are clear in the Board's consultation. The sector workshops and Survey results highlighted the need for a long-term perspective on the resilience of infrastructure, so that local government investments are enduring and cost-efficient.

As a complex global issue that plays out at the local level, councils may be more effective if they collaborate regionally on climate change strategies and actions. Through the consultation process in Stage 1, some stakeholders observed the burden of adapting to climate change needs to be shared for real progress to be made. A number of stakeholders identified opportunities for collective climate action, such as the Southern Tasmanian Councils Authority's work on the Regional Coastal Hazard Strategy. This work is designed to guide "coordinated and consistent coastal adaptation planning across southern Tasmanian councils"²⁴. Joint efforts, such as these, have the potential to strengthen local government as a force for change, and address a broad issue, collectively.

²⁴ Southern Tasmanian Councils Authority, 2022. *Our Projects*. (<https://stca.tas.gov.au/our-projects/>)

We heard that there is a distinct opportunity for more work and alignment of this nature, to be proactive in climate change risk management and implementing practical solutions that will improve the environment for local communities. Currently, capability in councils with regard to integrating climate change risks into 'core business' strategic decision-making appears uneven and underdeveloped.

In 2018, the former Tasmanian Climate Change Office completed a 'Climate Resilient Councils' project. Its desktop review of council strategic planning documentation found that only around one third of councils acknowledged climate change as a risk on their asset management plans, and no councils demonstrated a detailed understanding of climate risks in those plans. The key barriers to addressing climate change risks that councils themselves identified as part of that project included limited dedicated funding, insufficient staff capacity (i.e. number of staff) and capability (i.e. skills), uncertainty of the role of local government, and that climate-related risks are not well understood.

While we understand there is growing awareness of the need (and a clear willingness) to embed climate change risk management in all operational areas, more action is needed. It is critical that councils are supported to build this capability.

In Stage 2 of the Review, we will further explore the benefits, barriers, and enablers to councils collaborating in their response to climate change – we have heard that entities like the Southern Tasmanian Councils Authority have clear views and ideas on how we can improve regional collaboration in this area.

Councils are challenged in maintaining the staff and other resources needed to undertake environmental work

There was a strong view from across the local government sector – both current and former council staff and elected representatives – that councils' responsibilities for environmental



management are increasing and additional resources are needed to address them. In looking to interstate local governments, other council approaches to sustainability have included renewable energy investment projects, e-vehicle promotion and municipal emission reduction targets²⁵. In Tasmania, climate change preparedness and Environmental Health Officer (EHO) functions were raised as two areas of concern.

EHOs play the important role of managing local risks to public health from factors such as air, water and soil pollution, chemical exposure, environmental degradation, climate change and radiation. The 2018 [*Local Government Workforce and Future Skills Report Tasmania*](#) showed that EHOs are the

²⁵ University of Tasmania, Tasmanian Policy Exchange, 2022. *National and international trends in local government and their relevance to Tasmania*. (www.futurelocal.tas.gov.au/wp-content/uploads/2022/05/FoLGR-UTas-Paper-2-comparative-trends-in-local-government-reform-final-220422.pdf)



third-highest occupation facing a skills shortage in both rural and urban fringe councils²⁶.

We heard during our engagement that to attract and retain talented staff, the local government sector must be able to offer competitive salaries and increased training opportunities. We also heard that because of the limited staff available, there is a need to better communicate with communities about what councils can and cannot do.

Tasks, such as weed management and cat management, pose challenges that require significant resources. Survey respondents emphasised the importance of these everyday tasks that contribute to the greater overall value of their local environment. Some in the local government sector supported outsourcing these environmental

tasks along with other routine services. The three existing regional waste organisations were referred to as positive examples of collaboration across the State, and their approach to waste management was cited as a model for pooling resources.

During the next stage of the Review, we will explore the environmental management responsibilities councils have, and whether councils can pool resources to achieve more than they would otherwise by working individually. We will also seek to understand current professional and organisational capability, including skills gaps and shortages. This will help us to consider a range of approaches to attracting a skilled workforce to work in the local government sector, which is an issue raised across all theme areas.

²⁶ Workforce challenges for EHOs are discussed in more detail in the Planning and other Regulatory Services theme analysis.

Waste management is changing to reflect the different environmental priorities for councils

Many of councils' environmental roles and functions are currently subject to review from State Government agencies and LGAT. In particular, waste management is the target of key policy and legislative reform through the State Government's Waste Action Plan²⁷, and the *Waste and Resource Recovery Act 2022* has recently commenced. The Act will provide a source of revenue that will support councils regional waste groups to strategically invest in waste and resources recovery and 'circular economy' opportunities at the regional level.

In considering the development of councils' role to now include the variety of environmental practices such as the above, councils may no longer be the only appropriate entity to address the previously core service of rubbish collection and waste stream management. What we heard from our community engagement strongly reinforced this.

While there is high satisfaction with the services being provided (according to the [LGAT 2019 Community Satisfaction Survey](#)²⁸), there are still gaps in the levels of waste management services provided by Tasmanian councils (and between regional authorities). There are large variations in the extent and frequency of kerb-side general waste, recycling, green waste, and food organics collection, and varying approaches to the processing of these wastes.

Feedback to the Review from members of the community and the local government sector suggests that there is an opportunity to improve the current status quo and achieve economies of scale for waste management functions. This would change the delivery across Tasmania and enable



councils to focus their efforts on other priorities that require a more local approach. It bears noting that there is strong community satisfaction with services that are in many cases already currently organised and delivered at a regional level through shared services arrangements.

During Stage 2 of the Review, the Board will consider whether further consolidation in waste management and other environmental services could be more efficient and effective. We will look at a range of different consolidation models, including various levels of involvement by State Government and councils.

²⁷ Department of Natural Resources and Environment Tasmania, 2019. *Waste Action Plan*. (nre.tas.gov.au/environmental-management/waste-action-plan)

²⁸ Local Government Association of Tasmania, 2019. *Community Satisfaction Survey*. (www.lgat.tas.gov.au/tasmanian-councils/2019-community-satisfaction-survey2)

Review theme 6: Governance, accountability, and representation

Overview

Governance, accountability, and representation

underpins everything councils do. It includes the way councillors are elected and the quality of that representation, through to the guiding principles and accountability measures that are (or should) be in place. It is this formal and important representative role – a genuine democratic mandate to speak on behalf of local people – that sets councils apart from other local community organisations.

Communities need to feel confident their local decision makers are managing their municipalities with **skill, integrity, transparency** and a strong personal knowledge of the unique needs of their community. They also want their councils to foster engagement, participation and advocacy on the local issues that are important to them.

There have been ongoing concerns with some councillor behaviour, workplace culture and

non-compliance with the Local Government Act. These issues have gained considerable media attention and, as a result, seen a loss of confidence in local government by some members of the community.

We are aware of a great deal of work already being undertaken by both the State Government and the LGAT to address issues of conduct, and fully support reform efforts to address these pressing concerns. With that in mind, this Review is looking to the critical issues that are less behavioural and more structural in their nature.

In terms of representation, we know there are major differences in the number of people represented by each councillor in large and small councils, which some consider unfair or wasteful. There are some who believe Tasmania is ‘over-governed’. Further to this issue is **elected member capability and professionalism**, and the opportunity to better incentivise quality leadership in local government.

Future vision – governance

Tasmanian councils are comprised of skilled, ethical, and effective decision-makers, who operate with integrity and transparency in the best interests of their communities. Communities are able to actively engage and participate in local decision-making processes, and have access to a suite of clear, regular, and consistent information about how their local government is performing to ensure accountability.

Councils and communities are able to do this because they:

- Are elected according to a representative, equitable, and trusted democratic system;
- Genuinely and regularly consult and engage with their communities on important local decisions, through a mix of mechanisms that best support the needs and preferences of those communities;
- Have systems and structures in place which promote evidence-based decisions that transparently demonstrate how relevant expert advice and various costs and benefits have been taken into account;
- Have in place a robust set of integrity arrangements that give the community confidence that any poor conduct on the part of elected members will be detected and dealt with appropriately;
- Report on performance against a set of meaningful indicators which shows how they are performing against their stated priorities, and against the performance of other councils; and
- Provide conditions and a culture that supports the attraction and retention of high quality elected members and staff who want to make a positive difference in their communities.

We know through our analysis of other jurisdictions that **accountability** to the community can be improved by more transparent reporting, which can drive improved performance of councils.

Finally, the Board remains open to exploring innovative options that may further drive greater **community engagement and participation** in local government, ensuring Tasmanians have input where it matters most.

What we have learned – issues, opportunities and challenges

Significant work is already underway to address concerns with councillor conduct and workplace culture, which is essential

The behaviour of councillors has been subject to a lot of media attention and public interest in recent times, including during Stage 1 of the Review. The

Board has observed a number of recent high-profile incidents of councillor behaviour which, understandably, the Tasmanian community paid close attention to.

The behaviour of elected members is undoubtedly a pressing issue for the community and the sector alike. We heard from multiple written submissions that councillor conduct and professionalism is of high importance. The Board wholeheartedly agrees. The loss of confidence in local government that occurs as a result of instances of questionable – and indeed, at times, illegal – behaviour not only threatens the integrity of their status as community representatives, but also may work to discourage quality candidates from putting their hand up to run for council in the future.

We note the significant body of work that is underway to address both councillor conduct and workplace culture in the local government sector.



The state wide Code of Conduct has been subject to several reviews since its formal introduction in 2016, and most recently saw a suite of reforms endorsed by the Government in December 2021 that would look to strengthen the complaints process. Additionally, the LGAT is currently coordinating a cultural review of the sector following recent public and sectoral concern over issues of bullying, harassment, and general workplace ‘toxicity’. Both efforts will look to address the more granular issues of behaviour in the sector, and we will closely follow the progress to ensure any structural governance changes considered in this Review will support emerging reform in this space.

Ensuring quality, equity and diversity of local elected representation is difficult under the current system

During our engagement in Stage 1, there was a strong demand from community members, peak groups, and the local government sector itself for councillors to be skilled, ethical and knowledgeable representatives of their communities. The local government sector suggested that one way to achieve this was to reduce the total number of councillors, where this is accompanied by better remuneration and increased capability of councils.

Achieving equitable and high-quality representation in local government is a key challenge for governance in Tasmania. For a community to be well represented and have its needs met, its local decision-makers need to be attuned to what matters most to their municipality and advocate in line with this understanding.

Our research in Stage 1 clearly identified that voter disengagement was one part of the challenge in achieving quality representation, with voter participation in council elections at an average of 58 per cent across the state in 2018. We note that the Tasmanian Parliament has recently approved legislation to introduce compulsory voting in local government elections, which we consider to be a significant positive step towards improving the representativeness of councillors in Tasmania.

Beyond quality of elected representation is the issue of equity – per head representation varies considerably from one local government area to another, ranging from one councillor for every 137 people on Flinders Island to one per 5,567 in Launceston. 56 councillors in Tasmania's five largest councils represent 50 per cent of the population, while the remaining 207 councillors represent the other 50 per cent of the population. This raises questions about the appropriateness of the current system, particularly between rural and urban councils.

In Stage 2, the Board will be considering a range of options for both improving elected member capability and professionalism (remuneration, training and development incentives/recognition), and preserving and enhancing local representation, including consideration of councillor numbers, and administrative boundaries and wards.

An increasingly important consideration in terms of council representativeness is the extent to which elected members reflect the diversity of their communities. Factors like age, gender, and cultural background all play an important role in ensuring councils are representative of and attuned to the needs of their communities. While gender diversity in the sector remains an ongoing issue, it has seen considerable improvements in recent years, with the current split of male/female councillors sitting at 60/40 (though some individual councils see greater disparities).



It will be particularly important for the Board to consider Aboriginal representation in the local government sector, with the Pathway to Truth-Telling and Treaty report offering valuable insights. In Stage 2, the Board will be engaging with diverse groups of Tasmanians to understand ways in which we can better encourage local leaders from all walks of life to consider running for their local council.

Community members need to be able to meaningfully engage with their councils

Our Stage 1 research has clearly indicated the importance of the 'local' in local government, with the success of local representatives (and councils more broadly) closely linked to their ability to connect and engage with members of their community. The UTAS research papers 2 and 3, identified the recent local government trend that has seen emphasis shift from 'services to property' to 'services to people', which reiterates the need for

councils to know their communities and be able to consult with them effectively on important decisions and initiatives.

The Local Government Legislation Review identified that achieving meaningful community engagement was a challenge for the sector. It proposed reforms that would require councils to develop and adopt a community engagement strategy after each election to address a perceived deficit of some councils in engaging with their communities, which was accepted by the state government. While we are aware that some councils already have such strategies in place, consistency across all councils would allow for better overall engagement of Tasmanian communities.

Given the clear value in enhancing council connectedness to the community, in Stage 2 we will be looking to further measures that propose innovative models for greater community engagement and participation.

‘What gets measured gets managed’: the need for greater transparency around council performance

We heard from the local government sector, particularly council staff, that transparent reporting on council activity is an important way to be accountable to the community and drive improved performance. There is broad support for more transparent performance monitoring of councils. At the same time, there was some frustration with reporting requirements that were costly to meet, inconsistent with other reporting requirements, and which failed to properly capture the important activity of the council.

A key feature in any democratic government is the responsibility of elected officials to answer to their constituents on decisions made on their behalf, and to be clear about what factors or considerations influenced those decisions. There is substantial literature on the transparency value of

consistent performance monitoring frameworks for local government, particularly in driving practical performance improvements at the individual council and sector-wide level, as well as supporting greater self-regulation and good governance.

The challenge is to ensure that the information and reporting system meets the needs of users and is cost effective. It must focus on the key measures that reflect the performance of the services that the community values. The Victorian Government’s Local Government Performance Reporting Framework and the ‘[Know Your Council](#)’ website has been highlighted by the Productivity Commission as an exemplar that other States should draw on.²⁹

At present, there is an absence of meaningful accountability for a range of council functions, services and core capability metrics in Tasmania. As an initial step in addressing this concern we have published the [Tasmanian Councils Data Dashboard](#) using existing data obtained from councils and other sources. We will further consider the quality and consistency of local government data and reporting processes in Stage 2 of the Review, particularly given the role data plays in assessing the overall financial sustainability of councils. We will also develop the broad architecture and underpinnings for a contemporary, best practice performance monitoring and reporting framework for local government.

There is substantial room for improvement in the regulatory oversight of the sector, but elements of the current system make it hard to pursue more mature, risk-based approaches

Both the Minister and Director of Local Government play a key role in overseeing that councils are performing their primary functions to an appropriate standard. There are a range of mechanisms available under the existing legislative framework

²⁹ Productivity Commission 2017, Local Government, *Shifting the Dial: 5-year Productivity Review, Supporting Paper No. 16*, Canberra. (www.pc.gov.au/inquiries/completed/productivity-review/report/productivity-review-supporting16.pdf)

to respond to poor council performance and/or statutory breaches, including a number of penalties and ability to launch specific investigations conducted by the Director, as well as the ability to recommend that the Minister issue a performance improvement direction should a council fail to comply with one or multiple statutory requirements. The Minister holds the ultimate power to issue directions and can also launch Board of Inquiry proceedings, the result of which can be as significant as the dismissal of all councillors.

While these mechanisms allow for risk management, they can be constrained under the current structural design of local government in Tasmania. This is mainly because they are designed to resolve more serious operational and/or statutory failures. This results in a more reactive response to escalated council issues, where early intervention may have lessened the impact on both the council and government resource expenditure (where it could have been better utilised in other areas of local government).

The Local Government Legislation Review proposed an additional suite of intervention measures, including recommended options like allowing the Director to appoint financial and administrative supervisors to councils, as well as strengthening the outcomes of the investigations process. Beyond the Legislation Review, the Board understands that the Government will soon be tabling legislative amendments to implement a standardised dispute resolution process to be used in the first instance to resolve code of conduct issues. We understand that these measures will act as ‘middle-ground’ options to better deal with low-medium level concerns, as they emerge.

While we think these reforms will help, there is difficulty in implementing a risk-based regulatory framework to the current structure of local government in Tasmania. The reactive style of the existing approach leaves little space for educating and strengthening self-regulation in councils. This is perhaps exacerbated by the removal of clear oversight functions, such as the once-legislated



Local Government Board periodic general reviews of councils. However, the current reactive approach is largely a necessary response to the highly varied capability and maturity of the Tasmanian local government sector in self-regulation and statutory adherence. Therefore, improved council capability and responsibility are also needed to support more efficient and effective regulatory oversight approaches.

Review theme 7: Community wellbeing

Overview

Almost everything councils do can contribute to the wellbeing of the community. The infrastructure they provide can support healthy lifestyles, the economic development they promote can create local jobs, and their planning decisions can create beautiful places to live and work. By responding to the needs of their residents, and shaping the place they live in, councils are advancing community wellbeing.

As well as this broad contribution, councils deliver specific services designed to advance community wellbeing. These can include general programs to improve physical and mental health, targeted social programs for vulnerable people such as seniors and children, and public safety activities such as disaster preparedness and recovery.

Many of these roles are shared between councils and other tiers of government, without the respective responsibilities always being clear. Being closest to their communities, councils recognise needs that other tiers of government might not be addressing. Councils can advocate to other tiers of government to address

those needs, and they sometimes use their own resources to fill these unmet needs.

Effectively advancing wellbeing is a challenging policy issue for all levels of government, and the Board believes there is a need to define **councils' role** more clearly in community wellbeing relative to those other levels of government. This role should be built around councils' expert knowledge of their own communities, its needs, and its capabilities. With a clearer role, councils can then use their **governance** systems to incorporate wellbeing as core business that drives all their activities. This will allow them to **strategically coordinate** the resources under their control to shape the places they are responsible for, and to collaborate with other tiers of government so all levels are working together to advance the wellbeing of local communities. With a clear role and a wellbeing strategy in place, councils can then foster the **operational capabilities** they need to fulfil their role.

Future vision – community wellbeing

Councils play a clear, effective, and highly valued role in directly improving the physical and emotional wellbeing of the people in their local communities and, consequently, of Tasmanians overall.

Councils can do this because they:

- understand the core wellbeing needs, enablers, and barriers in their local communities;
- have systematically integrated relevant wellbeing considerations into all key council decision-making processes, having regard to their specific local needs and priorities; and
- work collaboratively with other levels of government and each other to target, tailor and deliver services and infrastructure in ways that respond most effectively to local needs, while minimising service overlap or fragmentation.

What we have learned – issues, opportunities and challenges

There are many different understandings of community wellbeing, and establishing some clear common ground is important

Community wellbeing has many dimensions and determinants, and these are all interrelated. During Stage 1, we heard many different interpretations of what wellbeing means to communities, ranging from physical and mental health, through to social harmony and prosperity.

Some jurisdictions have attempted to define the elements of wellbeing as they apply to local government. In Queensland, for example, the Australia Centre of Excellence for Local Government has developed a wellbeing framework with five themes³⁰:

1. healthy, safe, and inclusive communities (includes social interaction, equitable access to services and public safety);

2. culturally rich and vibrant communities (includes sport and recreation, arts and culture, cultural diversity);
3. dynamic resilient local economies (includes work satisfaction, cost of living);
4. sustainable built and natural environments (parks and reserves, footpaths and cycleways, transport, health and education services, local environment);
5. democratic and engaged communities (community engagement, responsiveness).

Before being able to clarify councils' role in community wellbeing, it is necessary to settle on an agreed scope and definition in the Tasmanian context. In Stage 2, we will explore further what wellbeing means for the full range of council activities, and in the context of the Tasmanian Wellbeing Framework announced by Premier Rockliff on 4 May 2022.

As we do this, we will need to understand the contribution that councils are currently making to community wellbeing. We will explore how community wellbeing can be practically measured and reported. This will link to our investigation of council transparency and reporting being explored in Stage 2.

³⁰ Morton, A. & Edwards, L. 2012, *Community Wellbeing Indicators, Survey Template for Local Government*, Australian Centre of Excellence for Local Government, University of Technology, Sydney. (www.uts.edu.au/sites/default/files/1367468192_LGAQ_ACELG_Community_Wellbeing_Indicators.pdf)



Councils' roles and responsibilities in community wellbeing are unclear

While all stakeholders felt that councils should have an ongoing role in community wellbeing, they were uncertain how broad that role should be. In particular, they were uncertain how councils' roles should relate to other levels of government, the non-government sector, and the private sector. There were also questions about how appropriate it was for councils to deliver particular services. The provision of childcare, medical practices and immunisations were frequently cited as more appropriately delivered by another level of government or the private sector.

The current range of councils' wellbeing activities varies significantly. It includes both the social and community services they deliver directly as well as the broader role they have in shaping places, supporting the local community and promoting

economic development. A scan of current council activities illustrates this range, which includes:

- mental health programs, such as training community members in positive psychology practices;
- supporting children and young people through child-friendly activities, youth recreation centres and youth health referral services;
- supporting people with disabilities by operating a community volunteer service and providing accessibility maps;
- helping homeless people by providing toilets, showers, lockers, and food services;
- assisting seniors by running social activities, exercise programs and seniors' centres, and providing parking concessions for pensioners;
- operating a community bus service;
- establishing cycleways; and

- requiring green space to be provided as a condition of development consent.

As well as providing services themselves, councils can act as an ‘anchor institution’ to help to broker or coordinate the provision of wellbeing services by others, such as volunteers³¹. In these situations, councils are drawing on the expert knowledge of their own communities’ needs and capabilities.

A number of councils provide wellbeing services that are not otherwise available in their council area but would normally be provided by other levels of government or the private sector. For example, several councils operate childcare centres, and five councils operate medical practices. These councils are filling a service gap that their community considers a priority.

The lack of clarity about the appropriate role for councils extends beyond public health into other areas of community wellbeing. For example, LGAT has highlighted a lack of clarity around responsibility for funding and maintaining bus shelters, particularly in relation to compliance with the *Disability Standards for Accessible Public Transport 2002*³².

During our Stage 1 engagement, both councils and community members raised housing shortages as a community wellbeing issue. *Tasmania’s Affordable Housing Strategy 2015–2025*³³ states that the State and Australian Governments are responsible for funding and delivering new housing supply and homelessness services, while local government’s role

is to regulate statutory planning, building and land use. Grants are provided to councils to construct affordable housing in regional and rural areas where this can assist older people or people living with disability to stay in their community, or where it can house key workers³⁴. Several councils are considering going beyond this traditional role and entering the housing market to provide dwellings or land for affordable housing, independent living units or private rentals. Ensuring new housing investments will meet the specific and future needs in the community is crucial but unfortunately does not always happen.

Given the range of determinants of wellbeing, and the breadth of councils’ influence on their residents’ environment, lives and circumstances, the challenge is to clearly define the role of councils. Uncertain role definition is common to many themes in this Review – that is, which is the more appropriate role for councils. Is it:

- delivering services directly to their residents?
- facilitating access to services provided by specialist providers?
- advocating on behalf of their communities to other levels of government for those services?
- ‘anchoring’ and enabling place-based wellbeing and economic development initiatives, including those funded and delivered by other tiers of government?
- some combination of the above?

³¹For example, Volunteering Tasmania’s Safeguarding Volunteering Project (www.volunteeringtas.org.au/future-of-volunteering/safeguarding-volunteering-project/#/)

³²Local Government Association of Tasmania, 2016. *Submission to Tasmanian Government Draft Transport Access Strategy*. (www.lgat.tas.gov.au/_data/assets/pdf_file/0014/321422/LGAT-Submission-to-the-Draft-Transport-Access-Strategy.pdf)

³³Department of Health and Human Services, 2015. *Tasmania’s Affordable Housing Strategy 2015–2025*. (www.communities.tas.gov.au/_data/assets/pdf_file/0014/30254/AHS_Strategy_Final.pdf)

³⁴Department of Communities 2019. *Tasmania’s Affordable Housing Action Plan 2019–2023*. (www.communities.tas.gov.au/_data/assets/pdf_file/0027/31698/TAH_Action-Plan-2019-2023.pdf)



We will explore these questions further in Stage 2 of the Review to start to build a clear statement of councils' role. Some guidance can be found in *Place-shaping and the future role of local government in Tasmania: evidence and options*, the UTAS background paper commissioned for the Review³⁵. It proposes that:

...councils can play an increasingly important role in relation to three broad functions which will contribute to long term community wellbeing.

1. *Specific services which are clearly distinctive at a local scale*

2. *Building community capacity, connections, trust, and participation as 'anchor institutions'*

3. *Representation and advocacy in wider systems of governance*

Given that many council wellbeing activities are discretionary rather than mandatory, they link to broader discussions in this Review about how councils set priorities and undertake strategic planning. This will be considered in our Stage 2 explorations of council governance.

³⁵ University of Tasmania, Tasmanian Policy Exchange, 2022. *Place-shaping and the future role of local government in Tasmania: evidence and options* (www.futurelocal.tas.gov.au/wp-content/uploads/2022/06/FoLGR-UTas-Paper-3-Place-shaping-and-the-future-role-of-local-government-in-Tasmania.pdf)

Councils are well placed to support wellbeing in their communities, if supported to do so

There is widespread recognition in the Stage 1 submissions that councils are best placed to promote community wellbeing in all their activities. In the area of public health, local government has been proposed as the most feasible level of government to take action on underlying health determinants because of its close proximity to community, and because the social determinants of health vary geographically³⁶.

The value of proximity is succinctly described in the *Tasmanian Emergency Management Arrangements*³⁷, which state that councils’

...fundamental role in emergency management is based on their detailed knowledge of:

1. *local community networks; and/or*
2. *knowledge of local resources; and*
3. *municipal emergency risk profile, including people at risk and special interest groups.*

Local government often have a more detailed knowledge of the population dimensions within a municipal area such as people at risk and special interest groups

Even when they are not delivering wellbeing services directly, some councils argue they are best placed to strategically coordinate the provision of those services – for example, in places where multiple community service providers are delivering services in an uncoordinated way, to different schedules, and in different locations. If efforts were aligned and funding was aggregated through local government, there would be a higher quality

of services that are tailored to the needs of the community. During Stage 2 of the Review, we will explore further councils’ roles as advocates, facilitators and direct providers of services.

Councils’ capacity to support wellbeing is highly variable

There was consistent feedback from all stakeholders that councils lack the resources and many of the capabilities they need to meet the wellbeing needs of their communities.

The available data suggest that there are workforce capability challenges for councils delivering community wellbeing services. While there is a total council workforce of about 100 with health and wellbeing in their responsibilities, there are only between 5 and 10 designated health and wellbeing officers³⁸ in Tasmanian councils.

While the capabilities needed for councils’ role in emergency management and recovery are different to those needed for other aspects of community wellbeing, the strategic challenges are quite similar. Finding, retaining and resourcing skilled staff to undertake these roles can be difficult, particularly for smaller councils. A July 2021 survey of councils found 16 of the 29 local councils have appointed a Municipal Recovery Coordinator. This is, generally, part of another role they hold within council. Just over half of the Municipal Recovery Coordinators have been in the role less than a year.

In Stage 2 of the Review, as well as considering the appropriate role for councils in wellbeing, we will consider whether they have the capabilities to fulfil that role and, if not, how they might best access them.

³⁶ Hughes R., 2021. *Building capacity for health and wellbeing promotion in Tasmania: A workforce development strategy for local government*. University of Tasmania, Hobart. (www.lgat.tas.gov.au/___data/assets/pdf_file/0020/1061264/HWB-Workforce-strategy-final-Oct-1-2021.pdf)

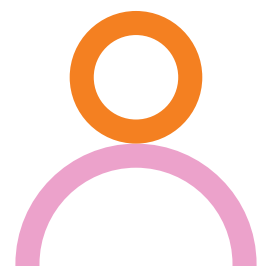
³⁷ Department of Policy, Fire and Emergency Management 2019. *Tasmanian Emergency Management Arrangements*. Issue 1. (d2kpbjo3hey01t.cloudfront.net/uploads/2020/02/DPFEM-TEMA-Issue1-13-Feb-2020-DIGITAL-ART.pdf)

³⁸ Hughes R., 2021. *Building capacity for health and wellbeing promotion in Tasmania: A workforce development strategy for local government*. University of Tasmania, Hobart. (www.lgat.tas.gov.au/___data/assets/pdf_file/0020/1061264/HWB-Workforce-strategy-final-Oct-1-2021.pdf)



Section 5. Priority Reform Areas for Stage 2

This section draws together the Board’s findings from engagement, research, and analysis to identify and explain its Priority Reform Areas for further exploration in Stage 2. We have chosen these because we believe that well-considered reform in these areas will provide the best chance of achieving the future vision for Tasmanian local government sector that we have developed during Stage 1.



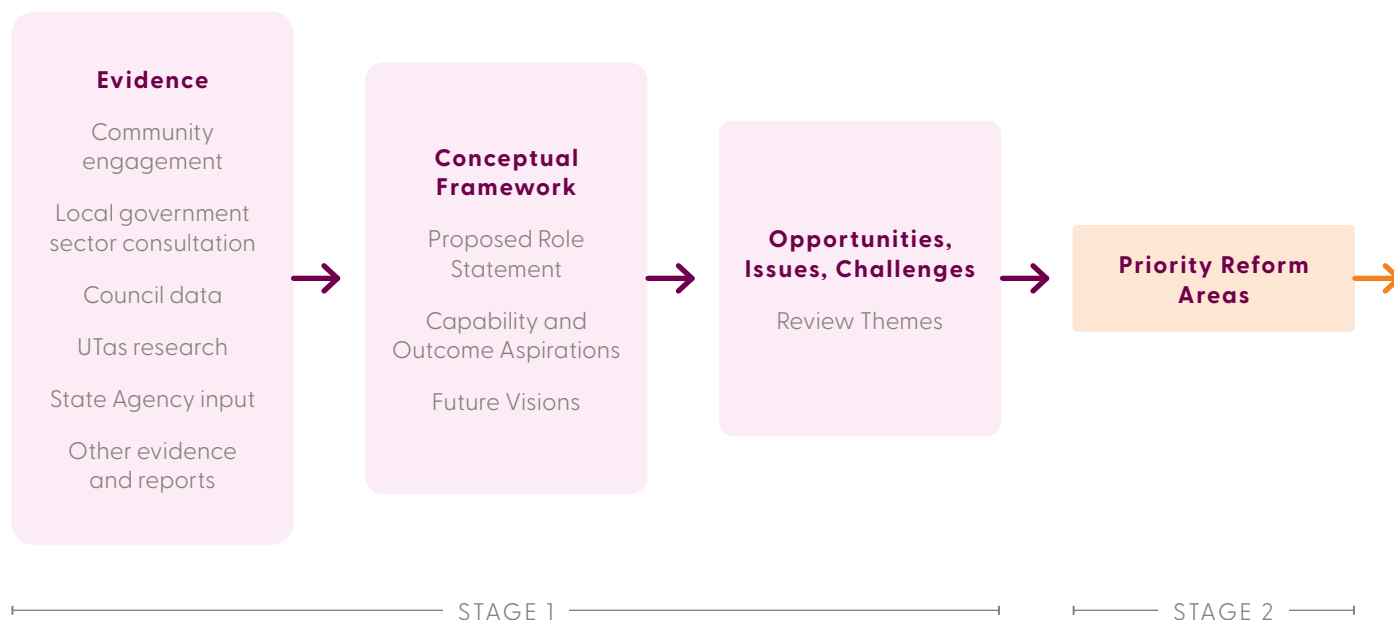


Figure 5: How the Board's investigation in Stage 1 has informed the Priority Reform Areas

The six Priority Reform Areas are intentionally broad, because we want to remain open to a broad range of potential reform pathways, which will each need to comprise a range of possible funding, structural/ administrative, legislative, and governance changes.

Figure 5, above, shows how the Board's investigation in Stage 1 has informed the Priority Reform Areas.

Priority Reform Area 1 – defining councils' role in the 21st century

Getting the role of local government right is 'mission critical'. Where the Board lands on the future role of councils will inform its recommendations on the scope of functions and services councils should deliver, and the administrative, financial, and legislative mechanisms through which they should deliver them. And those things will, in turn, determine the mix of skills and capabilities that the sector

needs to deliver those services well. In stage 2, we want to lead a community conversation about what councils should do in the future so we can use that as the basis for identifying the reform options and pathways that will best support that vision.

What we will do

- Determine 'where local matters most' (and least) for infrastructure and service delivery with the aim of maximising overall public value delivered to the Tasmanian community.
- Clarify and define councils' roles, including not only how and where they differ from the Tasmanian and Australian Governments but also where stronger partnerships and deeper collaboration are likely to improve outcomes.
- Understand councils' current effort and capability in supporting wellbeing as part of their core business.

- Develop options for better leveraging councils' 'natural advantage' in supporting community wellbeing through tailored 'place-based' approaches, including ways of better 'joining up' effort across levels of government.
- Consider the need for a 'charter for local government' that captures and reflects the above and can help guide decisions about which level of government should be responsible for which functions and services, and the alternative service models through which they could be delivered.

Priority Reform Area 2 – local representation and good governance

The Board believes there is significant room for improvement in the overall standard of local governance in Tasmania, including in relation to community engagement and broad participation, the representativeness, skills, and professionalism of elected members, organisational workplace culture, and the transparency in, and accountability for, performance. The Board's focus in Stage 2 will be to identify a range of reform options that target these aspects to improve community confidence and trust in local government.

What we will do

- Consider options for:
 - improving elected member culture, capability and professionalism (remuneration, training and development incentives/recognition);
 - preserving and enhancing local representation, including consideration of councillor numbers, and administrative boundaries and wards); and
 - delivering innovative models for greater community engagement and participation.
- Develop the broad architecture and underpinnings for a contemporary, best practice performance monitoring and reporting framework for local government.

Priority Reform Area 3 – strategic and regional capability

Tasmania's current system of 29 councils makes it highly challenging to effectively coordinate effort and resources in support of common regional and statewide policy goals. Various regional entities and governance arrangements have been established to overcome this issue, but councils operate within

a structure that requires them, first and foremost, to pursue their own municipality's interests. In Stage 2, the Board wants to understand how effectively councils coordinate on regional strategic priorities currently (including in areas such as settlement planning, infrastructure and land use planning, tourism and branding, and economic development), the benefits and costs of current arrangements, and what is driving these outcomes. This will help inform options for addressing these challenges.

What we will do:

- Review current strategic planning and decision-making capability.
- Identify success factors, challenges, and drivers and from inter-council regional governance case studies and identify where they generate benefits and costs.
- Identify and develop alternative options and test the responsiveness of those options to likely future trends and resulting policy challenges (e.g. climate change, ageing population).

Priority Reform Area 4 – efficient and effective infrastructure and service delivery

We believe that there are likely to be a range of areas where functional consolidation and greater scale economies would drive substantial cost efficiencies and deliver better value for the Tasmanian community overall. More importantly, such consolidation would better support the development of a 'critical mass' of strategic capability in regulatory and other service delivery areas where many councils are currently struggling, which can only result in higher-quality, more responsive services. Our priority task in Stage 2 will be to build a clear, evidence-based view of which services would benefit from delivery at greater scale (and those which would not), which we will use to develop potential alternative delivery models.

What we will do

- Understand the extent to which some communities may be paying more than they should be for particular services and infrastructure – or are receiving a lower quality of service – because of insufficient scale economies, and identify those services where scale is important for both service efficiency and quality.

- Develop and consider the case for alternative, consolidated service delivery models for expensive, capital intensive, undifferentiated and regionally important council services – like waste management and road, bridge and stormwater construction – which can take advantage of the financial and strategic advantages of scale economies (where these are identified), while still responding to local needs, as necessary.

Priority Reform Area 5 – sound and consistent planning and regulatory services

We need to resolve the role that councils play in land use planning, particularly development approvals. The Board's preliminary view is that the current model contains inherent tensions and conflicts and may not appropriately balance local concerns with broader regional and statewide costs and benefits. We have heard that in many cases it is not working well for councils and their communities, or for developers. With regard to other regulatory services, there is some evidence of variable service quality (and in some cases non-delivery). We need to better understand the current performance of councils and its drivers so we can look at alternative models that will deliver the capability needed to improve services.

What we will do

- Further explore and understand the structural challenges and tensions for councils existing planning framework (role of councils, elected officials, and community).
- Understand current professional and organisational capability, including skills gaps and shortages across councils in core regulatory service areas.
- Understand councils' current performance of core regulatory and statutory roles (planning, environmental health, building and plumbing) – including differences in cost efficiency, quality, and responsiveness of services.
- Investigate alternative, consolidated delivery models for complex, technical regulatory services currently delivered by councils, including development application assessments – for example via regional or statewide authorities that can harness and retain necessary strategic capability.

Priority Reform Area 6 – operational sustainability

It appears inevitable that some councils' rates bases will become simply too small to be able to fund the delivery, to a high standard, of all their current roles and functions in the medium-to-long term. Increasing subsidies to fund the continued survival of structurally unsustainable councils is not the answer. The Board will need to get a clear picture in Stage 2 of the current and projected financial position of all councils, particularly in relation to their future asset renewal liabilities. Once we understand this, it will inform a broader conversation about how we develop an efficient, equitable and sustainable funding model for future local government services.

What we will do

- Examine in detail the current and projected financial position of Tasmanian councils, including their future asset renewal liabilities. As part of this, understand the level of consistency and maturity in strategic asset management planning across the sector.
- Review financial and operational sustainability for the future role of councils, including modelling demographic implications for revenue and expenditure, and workforce/skills trends.
- Consider the merit of shared business services (including procurement, shared assets and back-office technologies).

Consultation questions

- *Looking at the 'things we will do' in Stage 2 under each of our Priority Reform Areas, are there other issues that you think we should be trying to better understand?*
- *Thinking ahead to reform options, do you have any specific ideas or suggestions about changes we could make to local government in Tasmania that you think would lead to better outcomes across multiple Reform Areas?*

Section 6: The way forward – stage 2 ‘roadmap’

In Stage 2 of the Review, the Board will be exploring and testing options for reform. We will do this based on our consideration of the feedback received during Stage 1 and the research that has been commissioned to date. Importantly, we want to continue to take the community with us as the Review proceeds, so there will be more opportunities to have your say, and information updates along the way. The key activities in Stage 2 are outlined below.

Interim Report consultation on Priority Reform Areas and role

This Interim Report identifies Priority Reform Areas for exploration in Stage 2. It also presents our preliminary thoughts on an aspirational statement of local government’s future role. We will allow five weeks for public feedback on what could be done to address these Priority Reform Areas, and on this future role statement. Your feedback will help us to chart the course of the Review in Stage 2. We will report back on what we have heard once we have considered all responses.

Targeted survey for community members under-represented in Stage 1

While we had a good response overall from the community during Stage 1, people under 45 and particularly people under 30 were under-represented when comparing the sample to the Tasmanian population. As this Review is about the future of local government, it is essential that we hear from younger people. In Stage 2, we will undertake targeted surveys of this group.

Targeted Aboriginal engagement

A targeted program of engagement with Aboriginal communities will be implemented in Stage 2 to ensure we hear directly about their aspirations for the future of local government. It will also draw on the data generated through the Closing the Gap audit of council activities, which is being compiled by the Office of Local Government.

Focus groups to explore Priority Reform Areas

Focus groups will be established to explore the Priority Reform Areas and help us understand the technical, legislative, financial, organisational and other consequences of the options. Importantly, these focus groups will not be choosing or ‘endorsing’ a preferred option, but rather ensuring that valid information is being compiled to assess the options. As part of its work in preparing for these focus group meetings, the Board may need to undertake research and targeted discussions to explore the full spectrum of options.

The focus groups will comprise people with expert knowledge or experience in the Priority Reform Areas. Advice from all the focus groups will be compiled into a reform options paper..



Interim community briefing

During Stage 2, the Board will release an update on the status of focus group discussions and clearly outline the next steps in public consultation. The Board will also invite questions from the community, which will be responded to at this time.

Publish reform options paper and hold community meetings

Towards the end of Stage 2, we will release for public consultation an options paper that identifies the range of reform options for all Priority Reform Areas and highlights cross-cutting options that address several reform areas.

During the public consultation period, community meetings attended by the Board will be held in locations around Tasmania. The meetings will be briefed on the reform options and the outcomes of the focus groups. Participants will be able to reflect on that work and provide advice to the Board on their views.

Stage 3: Recommending solutions

In Stage 3 of the Review, we will consider the feedback we have received and develop recommended reforms. We will accompany these with clear transition plans that support the delivery of those reforms. These transition plans will be an essential part of the reform process. We will be clear about how the recommended changes will affect the community, councils and stakeholder groups involved, and set out a staged process for further involving and supporting them in the transition program.

Once our recommended reforms and transition plans are submitted to the Minister, he will then invite submissions from councils. After considering the submissions, the *Local Government Act 1993* requires the Minister to either accept the Board's recommendations, ask the Board to reconsider them, refer to the Board any alterations requested by councils, or reject any or all the Board's recommendations.



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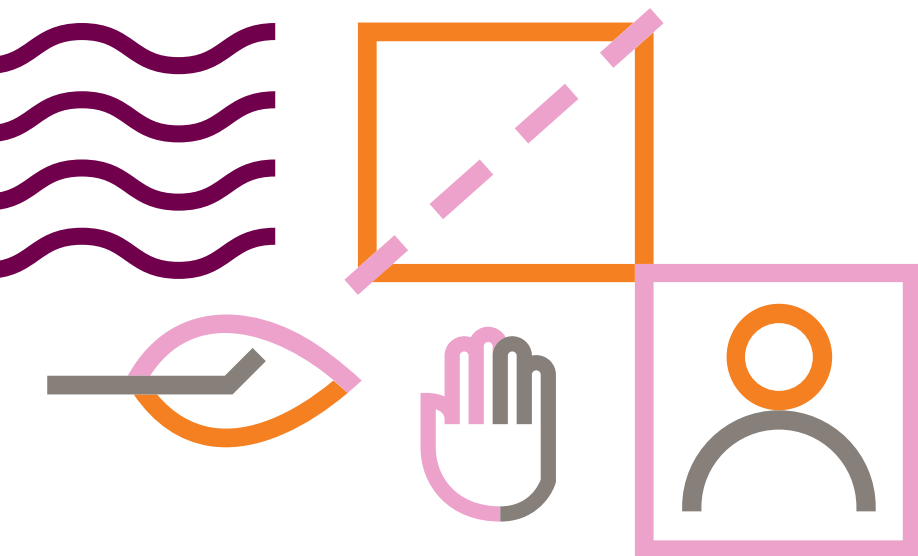
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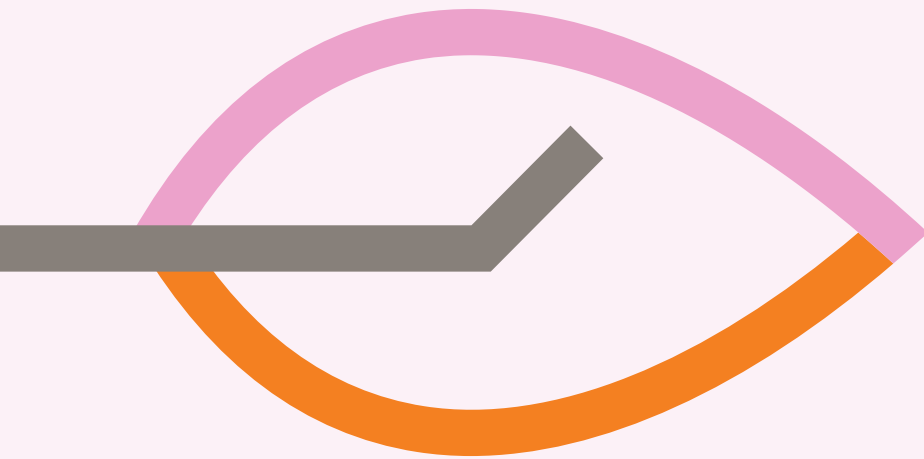
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The future of local government review



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