

Our ref: Local Government reform
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2 May 2022

Ms S Smith
Chair
Future of Local Government Review
LGBoard@dpac.tas.gov.au

Dear Madam

SUBMISSION TO FUTURE OF LOCAL GOVERNMENT REVIEW

Here is Glenorchy City Council's submission to the Future of Local Government Review. The submission was endorsed by Council on 26 April 2022.

Glenorchy City Council thanks the Local Government Board for the opportunity to make a submission to the Future of Local Government Review.

Council supports the principle that local government remain an independent, accountable and representative sphere of government, established under legislation to represent and serve the interests of local communities.

The principle that the design of local government should provide for economies of scale and scope, maximising the efficient use of resources to provide an improved range and quality of services, and value for ratepayers on a sustainable basis is a more challenging proposition and further from our Council's lived experience. Council's daily reality is to confront the difficulty of balancing increasing expectations of ratepayers and other community members and stakeholders for increased scope and quality of services against their capacity to pay to support that service offering. On the contrary, Council is under pressure to further focus its service offerings in order to achieve financial sustainability.

It is acknowledged that some service streams would benefit from delivery at scale. To an extent this is already happening – as witnessed by the Southern Council's development of a new waste management joint authority. However, this must be balanced with the maintenance of an appropriate level of local control. In addition, if more functions are ceded to centralised authorities, there is a complex process to compensate member councils for their loss of assets and revenue.

However, past experience with these models has been more mixed. This Council's experience with past water and sewer reform was to see millions of dollars in lost net revenue, which is still not compensated for by current investment earnings. Our observation is of a pooling of

local government assets to enable investment in system-wide improvements elsewhere in the State outside of this Council's boundaries – representing a wealth transfer from our residents to residents elsewhere in the State.

This Council embraces partnerships – and is committed to its obligations under the Greater Hobart Act, within the Greater Hobart Strategic Partnership and through the Hobart City Deal as well as its membership of and participation in the Local Government Association of Tasmania. However, necessarily, these partnerships often entail a certain ceding of control and greater organisational and political complexity in seeking to achieve common objectives.

It has long been recognised that local government is the closest tier of government to the community. This has made the sector an obvious past target for cost shifting from other levels of government. It is important to ensure in any future discussion about increases in the scope of local government's responsibilities that there are additional revenue streams set aside to enable financial sustainability to be maintained.

Another area of difficulty for local government is the receipt of unsolicited capital grants – often flowing from election periods. On the face of it, these windfall cash injections appear to be a bonanza. However, grants often require a significant co-contribution which imposes further budget stress and diverts funding effort away from renewal of existing assets and towards new and upgrade works. There is also a “feedback loop” putting further pressure upon the operating budget as the stock of assets is added to, thus increasing depreciation, maintenance costs and asset write-off.

Planning is another area of attention for the Board within its terms of reference. It is important that the elected Council retains its role in strategic land use planning – as decisions made in this field affect the community's development rights and require the political legitimacy of elected members to make those balancing decisions.

However, statutory planning is a highly technical and contested space. It involves implementation of the planning scheme (which includes the local planning provisions schedule endorsed by elected members). Elected members are placed in an unenviable position in the statutory planning domain. They are elected as community representatives by the community. However, community members rarely understand that elected members “wear a different hat” when acting as part of a planning authority. This can sometimes place elected members in a conflicted situation – between their obligations to the community and their obligations to a statutory authority.

An alternative model would be to provide full delegation to suitably-qualified Council employees to make statutory planning decisions, thus removing elected members from this situation of conflict. An alternative model might be to set up some sort of joint or statutory authority. However, this would be presented with the difficulty of how to source all of the internal application referrals that take place within a Council – in terms of development engineers, traffic engineers, open space specialists, EHOs, heritage officers and the like – which would prove more difficult to externalise.

There would be benefit in reviewing the current roles and functions of Mayors, Aldermen and General Managers to ensure they are optimised for contemporary council operations – given it is two decades since the current arrangements were set up under the Act.

There would also be benefit in more standardised approaches to a whole range of common local government matters, such as strategic planning, asset management, rate setting, employment conditions etc. For example, it would be useful if there was a set process/template for strategic planning/annual planning/asset management planning, set remuneration structures for local government employees, financial settings for asset renewals etc, settings for rate rise decisions etc.

In the context of increased efficiency, there could be thought given to pooling procurement for common technologies and contracts, and pooling staff (i.e. pooling local government staff for non-location specific roles such as procurement, HR, legal, payroll). At the moment, each Council seems to use different processes, structures and technologies, and there could be much gained through economies of scale.

Council reiterates its thanks for the opportunity to provide this submission, wishes the Board well in its endeavours and would welcome the opportunity to clarify any questions the Board might have in relation to this submission.

Yours faithfully,



Tony McMullen
General Manager