

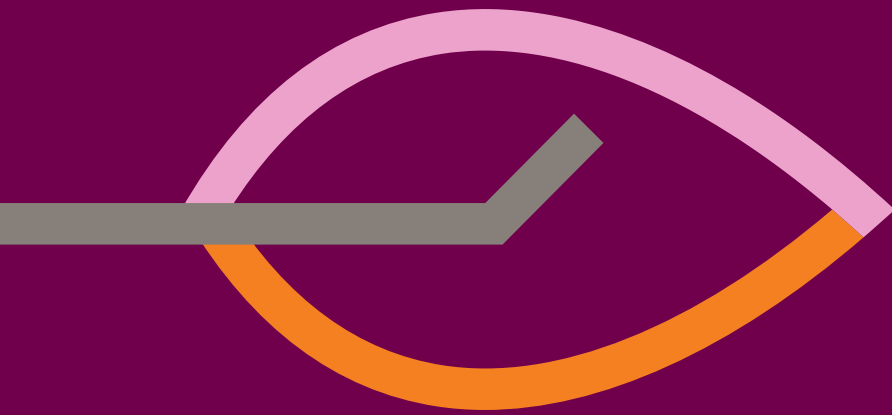
# Interim Report Executive Summary

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](http://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](mailto: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

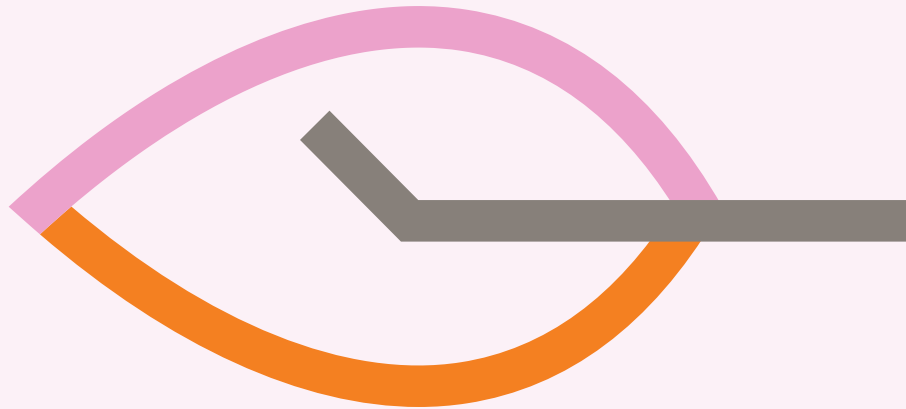
I am pleased to present to you the Board's Stage 1 Interim Report, in accordance with our Terms of Reference.

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.

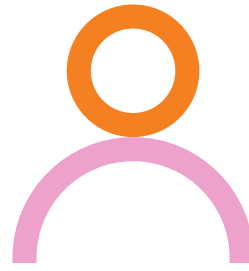
Yours sincerely,

**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
<p><b>Councils' Role in the 21st Century</b></p>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• Understand councils' current effort and capability in supporting wellbeing as part of their core business.</li> <li>• 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.</li> <li>• 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.</li> </ul>
<p><b>Local Representation and Good Governance</b></p>	<ul style="list-style-type: none"> <li>• Consider options for:               <ul style="list-style-type: none"> <li>- Improving elected member culture, capability and professionalism (remuneration, training and development incentives/recognition);</li> <li>- Preserving and enhancing local representation, including consideration of councillor numbers, and administrative boundaries and wards; and</li> <li>- Delivering innovative models for greater community engagement and participation.</li> </ul> </li> <li>• Consider the necessary architecture and underpinnings for a contemporary, best practice performance monitoring and reporting framework for local government.</li> </ul>
<p><b>Strategic and Regional Capability</b></p>	<ul style="list-style-type: none"> <li>• Review current strategic planning and decision-making capability.</li> <li>• Identify success factors, challenges, and drivers from inter-council regional governance case studies, and identify where they generate benefits and costs.</li> <li>• Identify and develop alternative options and test the responsiveness of those options to likely future trends and resulting policy challenges.</li> </ul>

Priority Reform Areas	What we will do in Stage 2
<b>Efficient and Effective Infrastructure and Service Delivery</b>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> </ul>
<b>Sound and Consistent Planning and Regulatory Services</b>	<ul style="list-style-type: none"> <li>• 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).</li> <li>• Understand current professional and organisational capability, including skills gaps and shortages across councils in core regulatory service areas.</li> <li>• Understand councils' current performance of core regulatory and statutory roles, including differences in cost efficiency, quality, and responsiveness of services.</li> <li>• Investigate alternative, consolidated delivery models for complex, technical regulatory services currently delivered by councils, including development application assessments.</li> </ul>
<b>Operational Sustainability</b>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Review financial and operational sustainability for the future role of councils, including modelling demographic implications for revenue and expenditure, and workforce/skills trends.</li> <li>• Consider the merit of consolidated and/or shared business services.</li> </ul>

## 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](http://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.

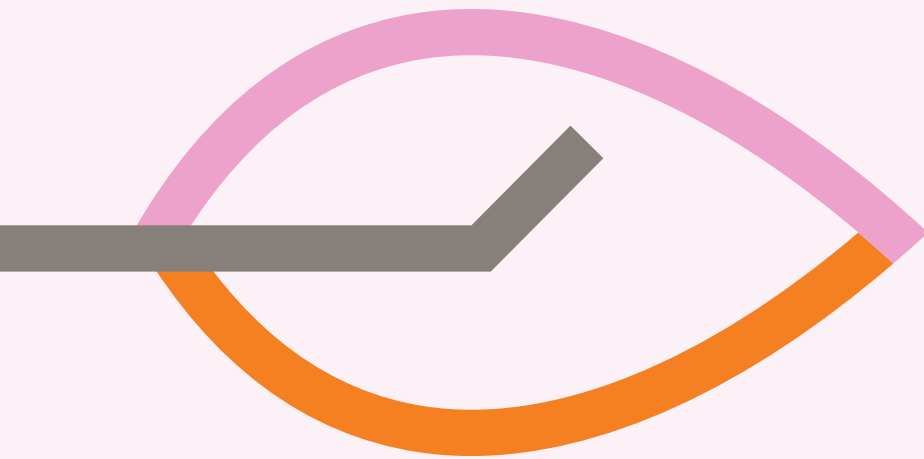
In a future model for local government, service consolidation may look different for different capabilities, functions, and services. When we talk about service consolidation, it is much more than a ‘code word’ for traditional amalgamations. Consolidation can take

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.

# The future of local government review



Tasmanian  
Government

**Department of  
Premier and Cabinet**

**More information?**

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