

# *Options for sharing services in Tasmanian Local Government*

## Board Reflections



*“We have heard through the Review that service sharing models have the potential to realise benefits for local government by reducing costs, addressing skills gaps and supporting consistent service delivery.”*

*“We’ve also heard that there are inherent barriers which need to be overcome to ensure the benefits of these models are realised for communities.”*

*“As a Board, it is crucial that we understand these barriers, so that we can identify how, where and when robust and enduring service sharing can be delivered.”*

*The Hon Sue Smith AM*

As part of the Future of Local Government Review (the Review), the Board commissioned the University of Tasmania (UTAS) to prepare a series of Background Research Papers to provide important context to our work and support the public discussion about possible future directions for the local government sector.

*Options for sharing services in Tasmanian Local Government* is the fourth Paper in the series, exploring a range of differing approaches to service sharing across local government.

The Paper, by undertaking an analysis of case studies in Tasmania and beyond, identifies the key success and failure factors of different service sharing approaches, and establishes a series of core principles for the establishment of successful and effective shared service/s. This case study analysis was informed by a series of interviews with key personnel involved in the implementation and delivery of shared service models in Tasmania.

The Board has heard that for many councils, their size, access (or lack of) to specialist expertise, high costs, and resource constraints are all putting pressure on their ability to deliver services and maintain infrastructure in a sustainable way.

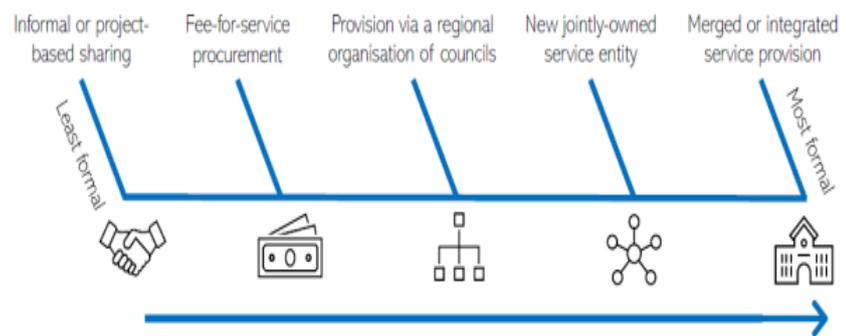
We have also heard that shared services models have the potential to deliver the benefits of increased economies of scale and scope, whilst retaining local-level representation in its current (or slightly adapted) form.

We are particularly interested in the range of factors which can enable the full realisation of benefits from shared service arrangements. This exploration by UTAS is

important for us in understanding potential reform options to support the efficiency and effectiveness of infrastructure and service delivery, as well as the broader sustainability of local government in Tasmania.

## DIFFERING APPROACHES TO SERVICE SHARING IN TASMANIA

- The Paper makes clear that there is no single approach to service sharing. The Paper identifies that when we talk about ‘shared services’ we are talking about a broad concept that can comprise an extremely diverse spectrum of governance, funding and delivery arrangements.



*Spectrum of local government shared services*

- A wide range of models exist across this spectrum, from less formal agreements to meet specific local opportunities or needs, to more formal arrangements including the establishment of jointly owned service delivery entities (e.g. Dulverton Waste Management) and fully integrated council service provision models (e.g. Kentish and Latrobe councils).
- We observe from the paper that opposition to the structural reform of councils over recent years has helped drive the emergence of shared service options. Collectively, approaches to shared services are often presented as the main alternative to amalgamation of councils.

- These options are not mutually exclusive. As highlighted in the Paper, shared services should not preclude other structural reform options.
- On the contrary, implementation of shared services has sometimes gone hand in hand with other structural changes, where evidence has shown that some councils can capitalise on opportunities to implement shared service arrangements.
- Similarly, shared service models are often regarded as an easier, more palatable option for reform compared to amalgamation.
- This is not necessarily the case. As demonstrated through our engagement and UTAS' research, shared services require a willingness from parties to cede a substantial degree of local autonomy, and have their own complexities and political challenges.

## WHAT ARE THE BENEFITS OF SHARED SERVICE MODELS?

- Through our engagement undertaken during the Review and UTAS case study analysis, we have heard shared services present a range of potential benefits for participating councils in Tasmania. These benefits can be categorised as:

**1. Fiscal benefits.** Reducing the costs of administration and service delivery and sharing the cost of major capital works.

**2. Filling service gaps.** Overcoming limitations on local capacity (e.g.,

equipment, technology, skills); overcoming geographic isolation; and providing a service that could not be delivered otherwise.

**3. Managing externalities.** Reducing unwanted duplication of services; managing spill-over of services into neighbouring municipalities; and better directing or managing growth and development.

**4. Mandated collaboration.** Joint planning, service delivery, and infrastructure provision required and/or useful cooperative structures established by a central government.<sup>1</sup>

- Evidence shows that realisation of benefits under shared services is mixed, particularly when it comes to the extent of 'cost savings'.
- There have been benefits of some service sharing approaches in Tasmania, including improved service quality/levels, greater access to skills and expertise, and more effective regional planning.
- The Board's aim is to develop enduring reforms which enable the sector to provide the highest quality services for their communities in a sustainable way.

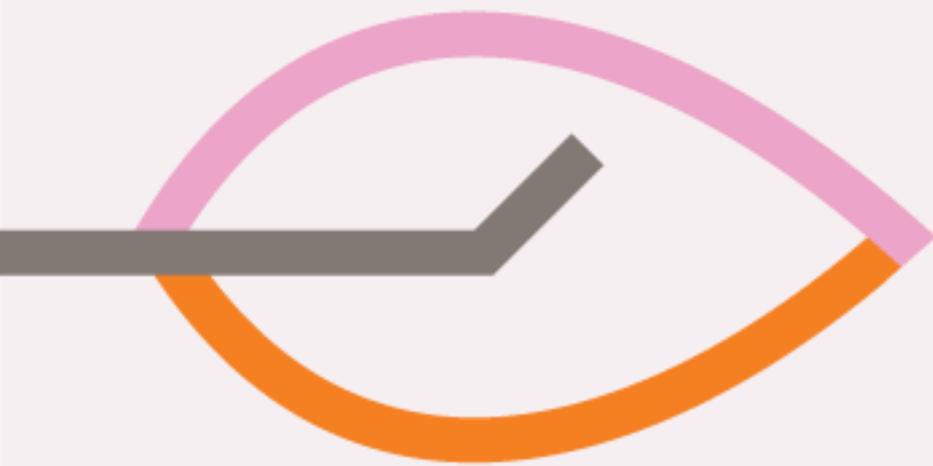
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<sup>1</sup> Sansom, Graham. 2019. 'The Practice of Municipal Cooperation: Australian Perspectives and Comparison with Canada.'

## IMPLICATIONS FOR THE FUTURE OF LOCAL GOVERNMENT?

To read the full research report, go to [www.futurelocal.tas.gov.au/publications/](http://www.futurelocal.tas.gov.au/publications/)

- Shared services represent a model with the potential to achieve scale economies and efficiencies in the delivery of services which are delivered in a relatively uniform way, or where councils currently have limited capability.
- From looking at models of service sharing in Tasmania and beyond, the Paper identifies shared service models are more likely to be successful when:
  - There are clear mutual benefits for all parties.
  - There are clear economies of scale, and all parties can capture value.
  - Developing models to provide new specialist services that will be used by a number of councils, such as climate change and community development officers.
- However, we have seen that, particularly in the Tasmanian context, the reliance on relationships and key management personnel has meant many arrangements have tended to be pursued in a relatively opportunistic and ad hoc manner, and are relatively 'fragile' in terms of their institutional durability.
- In identifying and exploring council functions which may benefit from shared service delivery, we must consider how models can be built and developed in a way which ensures they are robust and enduring.
- Shared service arrangements need strong and transparent governance which is underpinned by sustainable funding so they can provide the greatest benefit to Tasmanian communities.



**More information?**  
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