32-34 Georges Bay Esplanade
St Helens Tasmania 7216
T: 03 6376 7900 | ABN 96 017 131 248

Break O'Day COUNCIL

25 August 2022

Sue Smith
Chairperson
Local Government Board
The Future of Local Government Review
LGBoard@dpac.tas.gov.au

The Break O'Day Council would like to thank the Board for the Interim Report which they have prepared and provided to Councils and the Tasmanian community to consider. We can see from the Report that there is a lot of work still to be undertaken as the focus increasingly turns to the detail relating to the Review process.

In reviewing the Interim Report, Council was disappointed and concerned that some key elements of our previous Submission, particularly in relation to the Boards understanding of the role of Local Government in Economic Development and Tourism showed little change from the Initial Report which Council to which Council provided a Submission. We ask that the Board look closely at this previous Submission and the attached submission in relation to this matter.

In our correspondence dated 11 May 2022 to the Board we also raised the fact that Council had asked and received confirmation from the previous Minister, the Hon Roger Jaensch MP that the review process will not just look at the roles and functions of Local Government, but will also look at the roles and functions of State Government and what might more logically rest with Local Government. We still see no evidence that this is occurring and it would appear that this part of the Review process is being ignored.

As previously asked, we are interested in being advised how this is being approached as there is no apparent evidence that this is occurring and it is not mentioned in the various pieces of documentation relating to engagement processes.

We would like to draw the Board's attention to our Submission which has been attached and in particular the Questions that we have addressed to the Board, a response to these questions would be appreciated

We look forward to being able to continue to participate constructively in the future activities of the Review process.

Yours faithfully,

Mick Tucker
MAYOR

Future of Local Government Review

Interim Report, Review Stage 2

Version: 1 – Date: August 2022

QUESTIONS ASKED BY THE BOARD **2**

Consultation Questions from Executive Summary 2

CRITIQUE OF INTERIM REPORT **7**

Section 1: Introduction and review context 8

Section 2: The role for local government in 21st century Tasmania 10

Section 3: Capability for the future: Successful and sustainable councils 11

Section 4: Opportunities, issues and challenges 11

Section 5. Review theme 2: Finance and administration 16

Section 6. Review theme 3: Planning and other regulatory functions 20

Section 7. Review theme 4: Economic development and local promotion 21

Section 8 - Review theme 5: Environment 23

Section 9 - Review theme 6: Governance, accountability and representation 24

Section 10 - Review theme 7: Community wellbeing 25

Unresolved Matters in Interim Report 26

Questions of the Board 31

Questions asked by the Board

Consultation Questions from Executive Summary		BODC Response
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?*	It would appear that the proposed Role Statement is intended to replace in part Section 20 of the *Local Government Act 1993* which states: ***20. Functions and powers*** *(1) In addition to any functions of a council in this or any other Act, a council has the following functions:* *(a) to provide for the health, safety and welfare of the community;* *(b) to represent and promote the interests of the community;* *(c) to provide for the peace, order and good government of the municipal area.* If so, then it has merit and the following needs to be considered: • Local leadership is a key role of Councils, Councils do more than advocate or be a broker and delivery partner • Strengthen the recognition of Local Government's role in place making and actually name it up in line with the discussion in Background Research Paper No. 3 prepared by the Tasmanian Policy Exchange , *Place shaping and the future role of local government in Tasmania: evidence and options* • Wording needs to be more forward looking recognising that Local Government innovates and takes advantage of opportunities • Local Government is more than just a subsidiary level of government. It is suggested that consideration be given to statements such as: ❖ Councils being visionary and accountable leaders who advocate and represent the views of the community is a transparent way. ❖ Make decisions for the greater good of the Council area by being accessible and listening to their community.

	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?	Council believes that this is an area that requires a substantial amount of further consideration in the next part of the review process as acknowledged by the Board in the Interim Report. The use of the term 'services' is also narrow by definition and fails to capture the broader activities of Local Government. **Question to the Board - Is it intended to just focus on services per se?** The focus of the Board in the Interim Report seems to be on cost efficiency and service quality. Council policy decisions in relation to service delivery will impact on both of these factors which results in it being difficult to accurately make cost efficiency comparisons. Local design and delivery results in services which most closely reflect the actual needs of the community. Flexibility and agility in design and service delivery comes through innovation and a focus on how the situation and circumstances can change and evolve. There is no doubt that opportunities do exist for reconsidering the most appropriate form of service delivery in some areas. A case could be mounted for the delivery of waste management services across the State due to the fact that these services are quite common in nature in their delivery to individual communities. It would also enable a more strategic approach to be taken to waste management and recycling in the State with improved economies of scale being achieved. The Minister for Local Government (Roger Jaensch) at a special meeting of the Local Government Association of Tasmania on 4 November 2022 was asked the question "Whether the proposed review process would also focus on what activities the State Government currently undertook which might be more logically placed with Local Government?" The Minister advised that "Yes it would". **Question to the Board - The Interim Report of the Board has not referred to this occurring, does the Board have work underway which Local Government is not aware of?**

	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?*	A Role Statement has been proposed and the Board has asked about the idea of a 'charter' for local government. The Board in the Interim Report explains that the 'charter' is focused on defining the role of mayors and Councillors as well as decision making principles. The Local Government Act 1993 contains provisions in relation roles (functions) of the Mayor and Councillors. **Question to the Board - Do we really need to dress this up as a 'charter' when the Act spells things out?**
Section 3. Capability for the Future: Successful and Sustainable Councils	*What do you think about the Capability and Outcome Aspiration Statements? Are they useful?*	There is some merit in the Capability and Outcome Aspiration Statements as a reference point for future considerations. They should not be established as benchmarks or a framework for decisions to be made as the process moves forward. They cannot be taken as being reflective of what actually happens in reality. For example, Statement 1 refers to the community having a clear understanding of the role of local government. This is all well and good in theory but anyone with a reasonable understanding of local government and the community and how things work knows that this varies significantly between rural/remote Councils and city/urban Councils. Through necessity rural/remote Councils become involved in activities which can be outside what is the role of local government.
	Do you agree with what they say? Is anything missing?	The Board states on page 24 of the Interim Report *"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."* The Capability and outcome aspirations statements fail to recognise that a sound integrated strategic and operational planning framework is a critical feature of a successful and sustainable system. Of the five statements, three of them are focused on resources and costs.

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?*	The Break O'Day Council response to this question is embodied within Council's critique of The Interim Report which is contained in Part 2 of this submission.
	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?	As mentioned earlier in this Submission The Minister for Local Government (Roger Jaensch) at a special meeting of the Local Government Association of Tasmania on 4 November 2022 was asked the question "Whether the proposed review process would also focus on what activities the State Government currently undertook which might be more logically placed with Local Government?" The Minister advised that "Yes it would". Council believes that the Board should include an additional Review Theme which addresses this gap in the process.
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?*	Following detailed consideration of the Interim Report, the Break O'Day Council is confused by what the Board intends to do as stated in Stage 2. The report outlines six Priority Reform Areas which will be worked on, yet through the body of the Report, Sections 4 and 5 there are 22 areas that the Board would like to understand, explore or investigate. **Question for the Board – How does the Board intend to incorporate these 22 areas that they would like to understand, explore or investigate into Stage 2 activities?**
	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?	The impact of the actions of the State Government on service delivery by Local Government has been ignored. The State Government creates the legislation which Local Government is forced to administer, yet it is Local Government which is continually blamed by some sectors (such as the Property Council etc) for creating red tape when all that we are doing is administering the red tape created by the State Government If the State Government is genuine about reform options which would support Local Government into the future the option of creating a Charter to underpin legislative change should be considered which would not only address how legislation is developed and implemented in a collaborative manner rather than the current 'master and serf'approach. The Charter should also facilitate a review of legislation which local Government relies upon and which is ancient in some cases, i.e.

		Boundary Fences Act (1908) *Roads & Jetties Act (1935)* *Local Government Highways Act (1982)* The Council believes that substantially more information is required to enable informed consideration to be made and a debate to occur. The Council is quite concerned at the very low level of community participation which is occurring in this process given the magnitude of the change which is likely to occur.

Critique of Interim Report

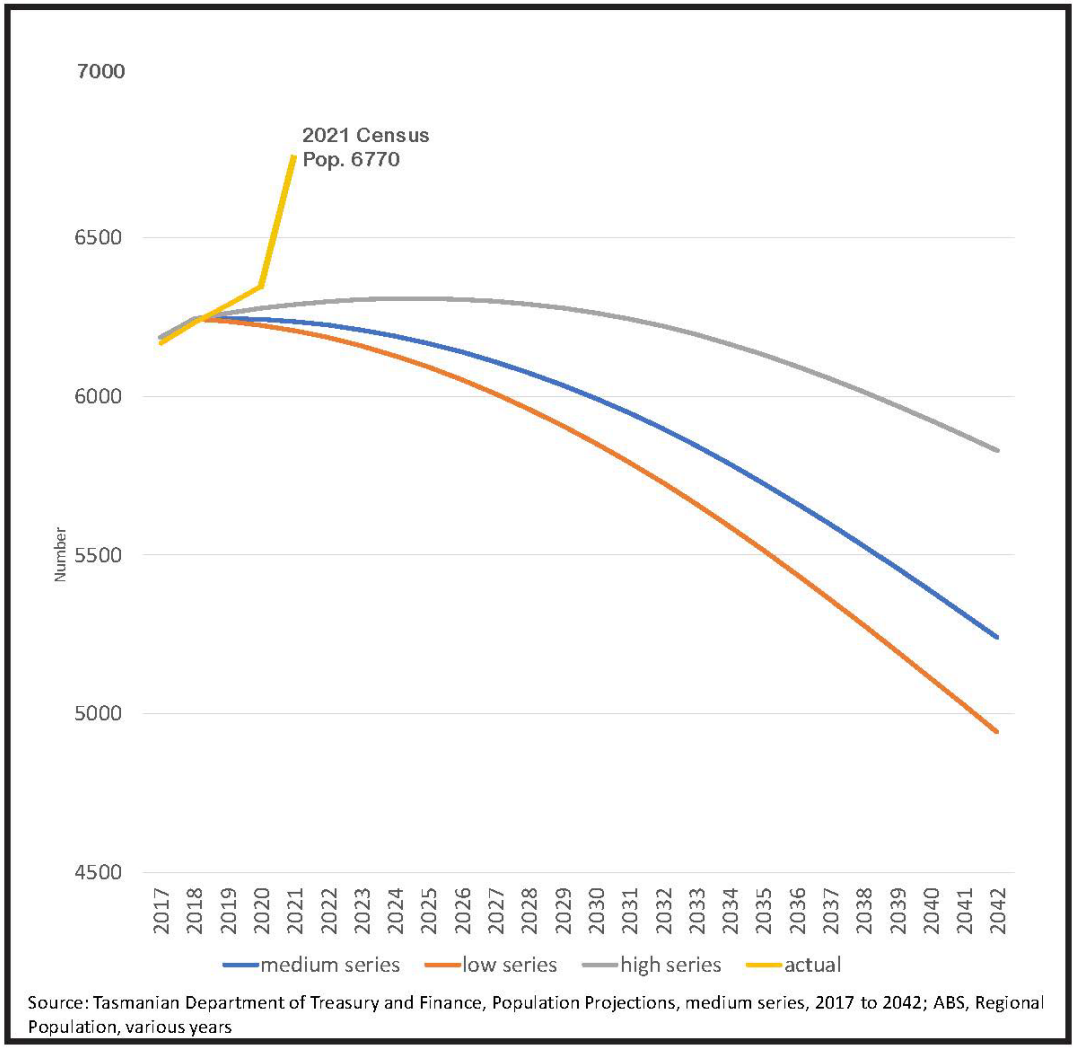
Local Government is supposedly the third tier of government in a system which for the most part has for many years delivered excellent outcomes for residents of both urban and rural communities. As time progresses things change and the current system needs to be reviewed and it is pleasing that this is happening. Into the future this needs to happen on a more regular basis and Break O'Day Council would like to see that this becomes a key outcome of the Final Report and its implementation.

However, the thing that appears missing from the State Government's approach which the Board is charged with delivering, is to recognise that not all knowledge and innovation, as well as legislative suggestion, lies in Parliament's Lower House. There is no doubt that instead of the State Government looking just to centralise services and take over the roles of Local Government, they should also be examining the opportunities for Local Government to expand their role in areas that they do well. For example, a number of Councils including Break O'Day, have tremendous potential to alter the trajectory of housing issues as the State Government seems to be hamstrung on this.

Section 1: Introduction and review context

1.1 The Interim Report referred to population observation work of UTAS in which found 17 of Tasmania's local government areas were either in structural population decline or on the cusp of such decline (pg14) While we recognise the work of UTAS around population decline, this research was based on 2016 ABS data and may not reflect the reality of a municipality's population. Now that the 2021 data has been released the Board must review this aspect of their research as it does not reflect the latest data set. For example. Break O'Day is one of the 17 LG areas expected to experience a population decline, however, based on the latest census data we have actually had a population increase of around 10% since the 2016 Census. This is illustrated in the graph below which shows the High, Medium and Low projections from the Department of Treasury and Finance.

In 2021, the Break O'Day Council engaged renowned demographer, Dr Lisa Denny, to analyse the situation facing Break O'Day Council and our community. Dr Denny provided a detailed understanding to Council and the community on the population change we faced and in providing this analysis noted that our population was in fact not declining. The graph opposite shows the estimated population of Break O'Day in 2020 as determined by Dr Denny which we have updated to reflect the 2021 Census situation.



Source: Tasmanian Department of Treasury and Finance, Population Projections, medium series, 2017 to 2042; ABS, Regional Population, various years

1.2 The Interim Report makes reference to "shrinking rates bases" yet there is no apparent source and basis for this observation needs to be provided as it is a key assertion through the Interim Report. (pg15, 30). When considered on the basis of two broad parameters which are the calculation basis for the levying of rates, the statement is illogical. Development is occurring resulting in the actual number and values of rateable properties increasing. This is then coupled with the increase in cents in the $AAV levied by Councils. If the Board is making this reference in the context of a 'real' dollar value in the context of say 20 years ago then this should be stated because in pure dollar terms it is incorrect.

1.3 In the Interim Report the Board states *"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."* (Page 13 – The Future of Local Government Interim Report)

In 2017 Break O'Day Council employed consultants KPMG to investigate the opportunity for a boundary adjustment with the Glamorgan-Spring Bay Council, the investigation occurring alongside a broader investigation of options involving Clarence City, Glamorgan-Spring Bay, Sorell and Tasman Councils. The Report they provided looked at 'Communities of interest' and their importance when considering boundary adjustments.

"Communities of interest have been regarded as primarily based around townships and villages, rather than municipal areas. Each municipal area therefore has multiple communities of interest." (KPMG Break O'Day: Boundary Adjustment Modelling, 2017)

Considering the statement above, it is BODC's belief that there are also communities of interest outside of municipal boundaries. For example communities who travel to another municipality to utilise services. This was clarified in KPMG's report by this statement:

"In the context of this study, research would suggest that the major townships of Bicheno and Coles Bay can form part of Break O'Day and not feel tied to Glamorgan Spring Bay through any perceived community of interest." (KPMG Break O'Day: Boundary Adjustment Modelling, 2017)

These communities already regularly travel to St Helens and surrounds for activities such as education, sport and employment.

In conclusion, Break O'Day Council would like to see the Board consider the influence communities of interest have on 'place making', particularly when considering boundary adjustments and amalgamations.

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

2.1 Mention of the 'subsidiarity principle' meaning 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 (pg22) yet the review is not considering the opposite side of the coin re opportunities for LG to take on more.

The Minister for Local Government (Roger Jaensch) at a special meeting of the Local Government Association of Tasmania on 4 November 2022 was asked the question "Whether the proposed review process would also focus on what activities the State Government currently undertook which might be more logically placed with Local Government?" The Minister advised that *"Yes it would"*. The Board in the Interim Report makes no reference to this work. If the Board is genuine in following the 'subsidiarity principle' then it needs to be consistent in the application of this principle and not limit the scope of its considerations which is what seems apparent.

There is no doubt that opportunities do exist for reconsidering the most appropriate form of service delivery in some areas. A case could be mounted for the delivery of waste management services across the State due to the fact that these services are quite common in nature in their delivery to individual communities. It would also enable a more strategic approach to be taken to waste management and recycling in the State with improved economies of scale being achieved.

2.2 The Break O'Day Council notes that the *Local Government Act 1993* outlines the functions of the Mayor, Deputy Mayor and Councillors. The Board suggests the development of a local government 'charter' (pg22) which Council cannot see what this is going to achieve.

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

3.1 Capability and outcome aspirations seem reasonably logical though it demonstrates that there is no recognition of the fact that no matter how clear role clarity is provided that it will not necessarily matter to the community. In rural/remote locations, Councils are seen as the only place to go to get something fixed or dealt with and community members don't care whether it is something that relates to the role of local government – they just expect you to do it. City Councils are blessed with a wide range of not-for-profits providing a wide range of services and activities. State Government departments are centralised in the major cities also offering a form of access in relation to their activities. Irrespective of the community having a clear understanding of the role of local government, it will not matter when an issue/matter affects a community as they look to their local council in regional areas to fix it.

Section 4: Opportunities, issues and challenges

4.1 A Future vision – infrastructure provision and management has been provided in the Interim Report (pg 30). Whilst in general the content of the Future vision is logical it neglects the need for Councils to apply a feasibility lens to certain types of infrastructure which might be being considered. This would apply to what could be considered to be 'discretionary infrastructure', for example, if the Council is considering the construction and operation of a new Aquatic Centre which is not replacing existing infrastructure then the impact on the operational position of the Council would need to be investigated as part of the decision making process.

4.2 In the Interim Report, reference is made to Tasmania having the lowest rate of depreciation of assets of all states (pg31). The Board has publicly published a range of comparative information which is based on the published audited Financial Statements of Councils. These Statements are prepared in accordance with the Australian Accounting Standards and there is a common misconception that due to this being the case we are comparing like with like. It is fair to say that we are comparing 'apples with apples' but we are not comparing 'Pink Lady apples with Pink Lady apples'. For example depreciation based on Useful Lives can vary significantly between Councils and to demonstrate this, Council has undertaken some high level research for the Board's information and to demonstrate an issue we have previously raised with the Tasmanian Audit Office which resulted in little response and no resolution to the matter.

Asset Useful Lives FY 2021 (Selected)

	BODC	Dorset	GSBC
Property			
Land improvements	25 years	5-100 years	50 years
Buildings			
Buildings	50-220 years	15-160 years	50 years
Plant and Equipment			
Plant, machinery and equipment	3-20 years	2-50 years	2-12 years
Fixtures, fittings and furniture	3-20 years	10-40 years	6-10 years
Computers and telecommunications	5-10 years	4-15 years	2-5 years
Infrastructure			
Roads			
Road pavements and seals	22-85 years	50-200 years	10-15 years
Road substructure	100 years	200 years	90 years
Road formation and earthworks	100 years	200 years	100 years
Road kerb, channel and minor culverts	85 years	60 years	70 years
Bridges			
Bridges deck	20-80 years	13-80 years	15-80 years
Bridges substructure	20-80 years	20-129 years	15-80 years
Other Infrastructure			
Footpaths and cycleways	60 years	30-50 years	70 years
Drainage	60-80 years	73-80 years	75 years

Taking this a step further and looking at the impact of the differences in dollar terms arising from how Useful Lives are applied to an asset basis we see the following in relation to Road Assets and Bridge Assets.

ROADS	Asset values	Annual Dep'n 2021	Dep'n as a % of Asset cost	Average useful life (years)
Dorset	176,500	2,275	1.29%	77.58
Glamorgan-Spring Bay	90,877	1,293	1.42%	70.28
Break O'Day	**121,850**	**1,890**	**1.55%**	**64.47**
Break O'Day (Based on Dorset Useful Life)	*121,850*	*1,571*	*1.29%*	*77.58*

The road networks for Break O'Day and Dorset Councils are similar in terms of the mix of Sealed and Unsealed Roads which would provide a similar Average Useful life. If Break O'Day Council applied the same Useful Life structure as that used by Dorset Council our annual Depreciation would reduce by $319k. Why are these sorts of factors material? The attention of the Board is drawn to the scenario analysis in section 5.4 of this Submission (below).

Applying a similar approach to Bridges, the annual Bridge Depreciation of Break O'Day would increase by $29k. It is important to understand why this might be the situation. Over the last 15 years Break O'Day Council have replaced many of its timber bridges with concrete structures which has the effect of shifting the Average Useful Life upwards. Of the 128 bridges Break O'Day Council are responsible for 22% (28) are Timber structures with the balance being concrete or composite structures. From a Deck Area (8,060 m2) perspective the percentage of Timber decks drops to 15% (1,211 m2).

BRIDGES	Asset values	Annual Dep'n 2021	Depn as a % of Asset cost	Average useful life (years)
Dorset	30,400	455	1.50%	66.81
Glamorgan-Spring Bay	11,278	197	1.75%	57.25
Break O'Day	**32,177**	**453**	**1.41%**	**71.03**
Break O'Day (Based on Dorset Useful Life)	*32,177*	*482*	*1.50%*	*66.81*

4.3 The Board have recognised that 'useful asset lives' is an issue which needs further investigation. The Board states in the Interim Report (pg32) that "*We will also look at whether useful asset lives' are being unreasonably established and extended to minimise depreciation costs…..*" which ultimately is reflected in the Underlying Surplus or Deficit of a Council. It is vital that the Board ensures that it is comparing Pink Lady apples with Pink Lady apples otherwise the credibility of the publicly published data of the Board is undermined.

4.4 The benchmarking work undertaken by the Board is focused on how Local Government is performing, it compares one Council against another; it compares a Council against similarly classified Councils and the sector as a whole. It would be interesting to add in an extra comparison point, the asset renewal levels of the State Government. The State Government is focused on the performance of Local Government yet they are not being compared to Local Government. It is readily apparent to anyone that travels the network maintained by the State Government that there has been a large shortfall in asset renewal expenditure for a few decades and that the network is falling apart and sub-standard repairs are occurring as evidenced by this picture taken in the main business area of St Marys.

There is no way that Council infrastructure in the centre of a town would remain in this condition for several weeks, this is actually an argument against centralisation of roads into a statewide authority.

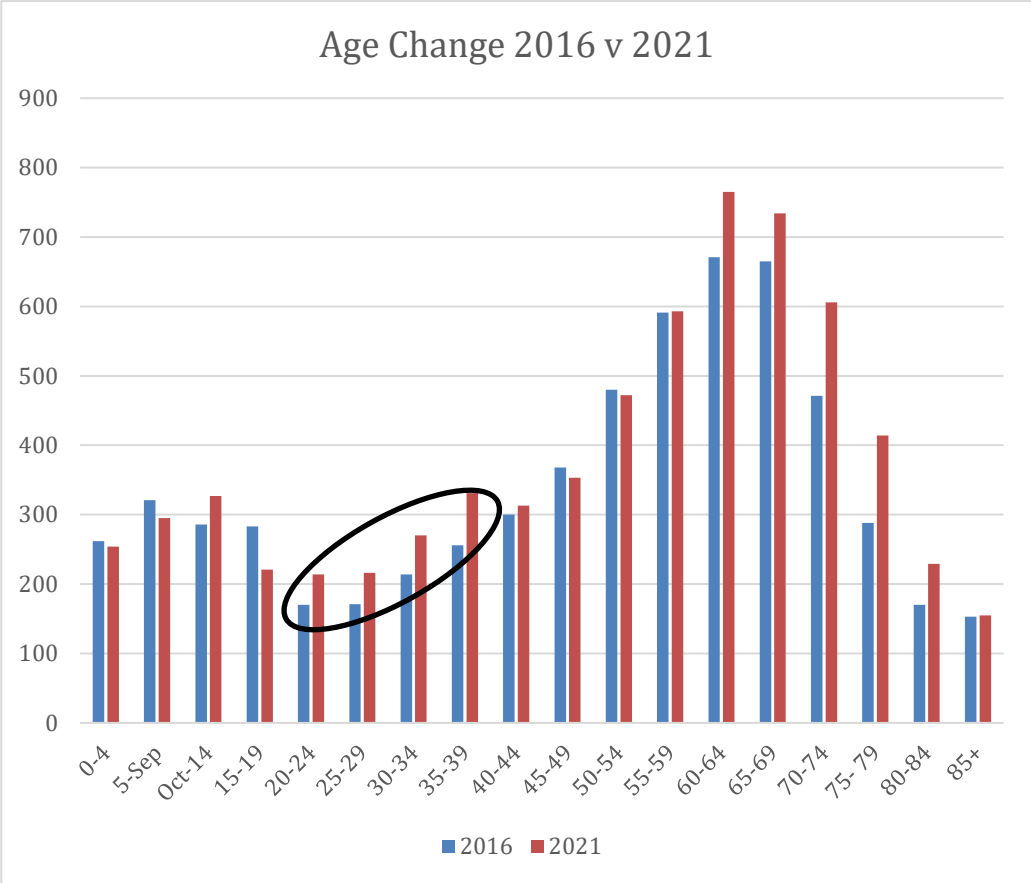
4.5 Better consolidation and coordination of council civil works contracting would likely deliver better value for money is suggested by the Board in the Interim report (pg34). Whilst the Board wants to investigate this further it reflects a lack of appreciation of reality in rural and remote areas and should not be the basis for a broad approach saying it works everywhere. Over the last five years Break O'Day Council has increasingly turned to managing and delivering its capital works projects on an internal and sub-contract basis.

A booming civil construction market driven by the State Government and TasWater construction programs along with private developers has resulted in an industry that does not need to compete hungrily for works. Consequently if they do price a project the price has a lot of profit built in. Even the Department of State growth experience this situation with smaller capital projects, recently at Beaumaris Break O'Day Council undertook an intersection upgrade for the Department. Why was that? The Department could not obtain a reasonable price from Contractors and council agreed to assist saving the Department in the order of $100k, approximately 50% of the actual cost of the works.

4.6 In the Interim Report the Board makes reference to the Tasmanian Audit Office performance audits on procurement citing training as a major item. This was in effect a minor matter and effectively window dressing in most cases by the Tasmanian Audit Office.

4.7 Potential inequities and cross-subsidies are mentioned with reference to the City of Launceston submission and their Aquatic Centre in the Interim report (pg36). Break O'Day Council acknowledges that this does exist in the context of some facilities which they consider to be regional facilities that they provide. However they have taken a narrow view and have failed to recognise that other Councils such as Break O'Day and Dorset provide significant recreational infrastructure which City of Launceston residents use, the St Helens Mountain Bike Trail Network and the Blue Derby Mountain Bike Trail Network.

Section 5. Review theme 2: Finance and administration



5.1 The Board in the Interim Report has stated that "many smaller rural councils will continue to experience shrinking rate bases" (pg38) yet there has been no substantiation for this statement. Taken literally there is no logical argument to back up this statement as the overall ratebase of Councils continues to grow through development and growth which is occurring. Maybe the Board is comparing the Total Rates raised in the sector now compared to before the formation of the regional Water & Sewerage authorities 15 years ago? The Board appear to be using this as an argument for service centralisation and naturally amalgamation. Statements such as this need to be clarified or corrected in future Reports released by the Board.

5.2 The demographic trend (pg38) of the Interim Report needs correcting as it is out of date. As stated in item 1.1 – we recommend that the Board revisits demographic and population trends using the most up to date data from the 2021 census now available through the ABS. For example, while Break O'Day's median age has increased, we are also seeing an increase of younger people moving to our area – this is reflected in the graph above.

5.3 The Board "has commissioned a detailed financial analysis covering a 10 year period to better understand the current and likely position of Tasmania's 29 councils". (pg39) The Board has provided an initial superficial 10 year picture to substantiate their belief that Councils are in a large part financially unsustainable with a focus on Tasmania's 19 rural councils (pg39). This is based on the Tasmanian Audit Office benchmark of 'break even'. The very same organisation that has not yet been able to resolve the variation in depreciation calculations between Councils so that we have a true and accurate comparison happening, comparing Pink Lady apples with Pink Lady apples.

5.4 The superficial perspective does not reflect the significant change which has happened in the operating positions of some Councils over the last 10 years. Nor is there any commentary as to why significant variations might happen between years. The Break O'Day Council provides some additional insight for the Board to highlight the points that are being made. The Break O'Day Council position is incredibly different over the last 5 years and even 7 years. We have taken the opportunity to make a small comparative analysis to illustrate our point.

Underlying Surplus/Deficit

Underlying ratio	10 year average	7 year average	5 year average
Dorset	**5.0%**	**7.9%**	**6.9%**
Glamorgan-Spring Bay	**-1.8%**	**-2.4%**	**-3.4%**
Break O'Day	**-2.7%**	**0.6%**	**2.8%**
Break O'Day (with Depreciation adjustment)	**-0.2%**	**3.0%**	**5.1%**

The Break O'Day position with Depreciation adjustment relates to the situation outlined in section **4.2** above in this response to the Interim Report

How much is the result being skewed by 2013 and 2012? Why are there such significant variations in a couple of the highlighted areas in 2012?

Profitability Analysis

		Financial Year Ended									
		2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
	INCOME										
	Rates Income	$9,770	$9,655	$9,315	$8,770	$8,614	$8,193	$7,442	$7,322	$6,882	$6,604
	Grant (non Capex) income	$3,204	$3,134	$3,063	$3,052	$4,452	$2,209	$4,221	$1,892	$2,680	$6,094
	Other income	$1,894	$1,926	$1,935	$2,134	$2,068	$1,821	$1,762	$1,635	$1,427	$1,652
	Total Income (excluding Capital Income)	**$14,868**	**$14,715**	**$14,313**	**$13,956**	**$15,134**	**$12,223**	**$13,425**	**$10,849**	**$10,989**	**$14,350**
	EXPENSES										
	Employee Costs	$5,073	$4,743	$4,306	$4,314	$3,935	$4,031	$3,747	$3,770	$3,614	$4,599
	Depreciation	$3,802	$3,733	$3,442	$3,546	$3,359	$3,614	$3,531	$3,398	$3,361	$3,370
	Other expenses	$6,723	$5,787	$5,366	$5,209	$6,259	$6,119	$5,350	$5,028	$5,389	$8,979
	Total expenses from Continuing operations	**$15,598**	**$14,263**	**$13,114**	**$13,069**	**$13,553**	**$13,764**	**$12,628**	**$12,196**	**$12,364**	**$16,948**
	Net Result	**-$730**	**$452**	**$1,199**	**$887**	**$1,581**	**-$1,541**	**$797**	**-$1,347**	**-$1,375**	**-$2,598**
	adjustments to reconcile Net result to "Underlying Surplus/deficit"	346	-308	-202	-195	-969	1,231	-1,740	1,425	-149	-1
	"Underlying Surplus/deficit" ($)	**-$384**	**$144**	**$997**	**$692**	**$612**	**-$310**	**-$943**	**$78**	**-$1,524**	**-$2,599**
	Underlying Surplus/deficit (%) per LGA report	**-3%**	**1%**	**7%**	**5%**	**4%**	**-3%**	**-7%**	**1%**	**-14%**	**-18%**

5.5 Consolidation of a wide range of Council services into shared service entities was suggested in many submissions (pg40) and there is certainly merit in this. The suggestion that economic development is one demonstrates that the report writer has not actually thought about the logic of this. The attention of the Board is drawn to Council's response detailed in Section 7 relating to Review theme 4. Economic development and local promotion.

5.6 The Board in the Interim Report raises the matter of the Financial Assistance Grants which Local Government receives from the Federal Government and is leading towards this being and argument to question the financial sustainability of local government (pg42). The Board has not mentioned the substantial erosion which has occurred in relation to 'real term' dollars over the last few decades and reflects the attitude of successive Federal Governments to the issue of a fair and equitable share of the federal tax base being provided to local government.

5.7 The Report mentions LGAT contending that Tasmanian councils should receive a greater share of heavy vehicle revenue to support maintenance for damage caused by freight vehicles (pg42). This funding pool was created over 20 years ago with the abolition of the Road Toll on heavy vehicles using Council roads occurred. What has not happened has been that the pool of funding has remained unchanged since it was first established over 20 years ago yet the level of usage and the impact has increased significantly. Yet another example of the failure of a higher level of Government being fair and equitable in their treatment of local government.

Section 6. Review theme 3: Planning and other regulatory functions

6.1 The Interim Report makes it clear that Council's role in relation to statutory planning will be under review through the current process. Break O'Day Council has not formulated a position in relation to this matter and will await a future report from the Board on this matter before providing its views on the matter.

6.2 The Board notes in the Report that there is a lack of expertise within some Councils to assess and plan for complex developments and impacts (pg46). The expertise of City councils in assessing and planning for such developments should also be called into question, do they always undertake all of this work in-house or do they engage external assistance to undertake this work in part? We would expect that the Hobart City Council have engaged external expertise to assist with the assessment of the Mt Wellington Cable Car project. Potentially the Launceston City Council have engaged external assistance to assist with assessing a major hotel development such as that proposed by the Chromy group. Some of the external expertise required is specialist assistance, drawing in this from external sources is logical and does not represent a weakness in the capacity of the organisation.

6.3 Skills shortages is an issue in a number of key areas (pg48) but the Local Government sector and the Report identifies some key reasons for skill shortages but does not mention that some career pathways are unattractive in this day and age. Skill shaortages in the sector need to also be considered in the broader context of skill shortages. We continually read about the shortage in the Health Sector of Registered Nurses and other professionals; the Education sector has its own challenges in relation to teachers; and what of the Aged care sector and shortages of nursing and caring staff. Local Government is not the only sector facing skill shortages.

Section 7. Review theme 4: Economic development and local promotion

7.1 The Break O'Day Council feels that the Interim Report provides quite a light weight and disappointing response to this theme. Proposed strategic collaboration or consolidation must acknowledge the differing roles Councils have within economic development as a result of their size. Generally smaller Councils tend to have a greater/intensive influence in the local economy as a result of smaller markets and isolation. Meanwhile, larger regional Local Government tend to have less direct impact on the economy and are generally enablers for growth and diversification. Therefore, any consolidation must consider the varying impact it will have upon differing sized Councils.

Any strategic collaboration or consolidation must consider that the Local Government size determines the differing types of economic development responsibilities between Councils. Consolidation must not mean removal of these responsibilities within smaller or regional Local Governments. Rather the purpose for consolidation must be to improve support in these areas.

Further, it is appreciated that community engagement activities undertaken by the Board found Economic Development to be the least important role which Council performs. However, it's also acknowledged within the Interim Report that the community does not understand Council's role and responsibility in economic development. Therefore, it should be acknowledged that the community may not appreciate the role of economic development within Council as they do not fully understand its activities and role. The comment: *"better defining council's role and responsibility"*.

It is important that this definition acknowledges varying sized Councils results in differing economic development roles and responsibilities. Therefore, a blanket definition as to what Council responsibilities are within this role should not be seen as a solution. As suggested by Break O'Day Council in the first submission, the Economic Development Framework Project developed by Western Australia Local Government Association (WALGA) is a highly useful Project to refer to when reviewing Economic Development in Tasmania. The project highlights differing Economic Development roles between Local Governments subject to their size. It also considers the relationship between State and Local Government in the context of Economic Development.

7.2 The Break O'Day Council believes that the Board in the Interim Report have demonstrated that they still do not have an understanding of what Local Government does in relation to tourism. It is acknowledged that it is a key driver (pg52) but there is no evidence in the narrative about funding, supporting and working with Regional Tourism Organisations, provision of visitor information which is arguably a State Government activity or local promotion activities.

Stage 2 needs to explore the role of State Government in providing funding and support for Councils to service the demand of tourism. It should also consider the equitability of smaller Councils financially supporting tourism organisations (such as the Regional Tourism Organisation and the Visitor Information Centre). The Break O'Day Council financially contributes large sums to these organisations. For a more sustainable and consistent delivery of information, Break O'Day Council suggests that Visitor Information Centres should be an assumed responsibility of the Regional Tourism Organisation (RTO) with appropriate funding provided by the State Government. The RTO's purpose is to increase tourism and improve visitor experience in the area. This is a natural alignment to the purpose of a Visitor Information Centre.

As stated on Page 52 of the report, tourism is a key industry in Tasmania. However, tourism is not driven by Councils but by the State Government. In fact, Councils tend to be on the receiving end of its effects (along with the community). The report states that Stage 2 will 'explore how councils can better engage with their communities and businesses on council priorities, and development priorities, for their municipal area'. This priority completely ignores the important role the State Government plays in encouraging tourism in areas without sufficient funding to service the demand. Therefore, in order for this review to be useful for areas such as Break O'Day, an exploration into how Local Governments can work with RTO's and State Tourism Organisation (STO) to provide infrastructure that carries out each tier's objective must be undertaken.

This leads to a broader issue and that is the relationship between Tourism Tas and Regional Tourism Organisations. Break O'Day Council has a representative on the RTO and in the past they have perceived an unequal relationship between Tourism Tas and RTOs where Tourism Tas is not encouraging innovation by seemingly closely controlling how RTOs operate and endeavour to act progressively. For Council's representative this very much called into question the future of RTOs in the tourism system.

Section 8 - Review theme 5: Environment

8.1 It is critical that Councils are supported to build their response to climate change risks to 'core business' and their communities (pg.56) – collaborating efficiently together and with the funding and technical capacity that it will require. However things have moved on rapidly since 2018 and northern Tasmanian Council's, for example, have already committed to a regional partnership body on climate change action, are taking that action locally with it and looking to the state level for the support they will need. The work of the STCA has been inspirational, for northern Council's to now also be collaborating on climate change strategies and actions in their region.

8.2 The significance of the statutory functions and roles (rather than 'obligations') that Council's have for environmental management and sustainability (rather than 'protection'), particularly through land use and development strategies and planning processes, are understated. Councils are important partners for the delivery of local, state and national environmental policy and programs. But they are responsible for, and do more, than 'advocacy' of them in their communities. The demands that puts on Council's needs to be resourced appropriately.

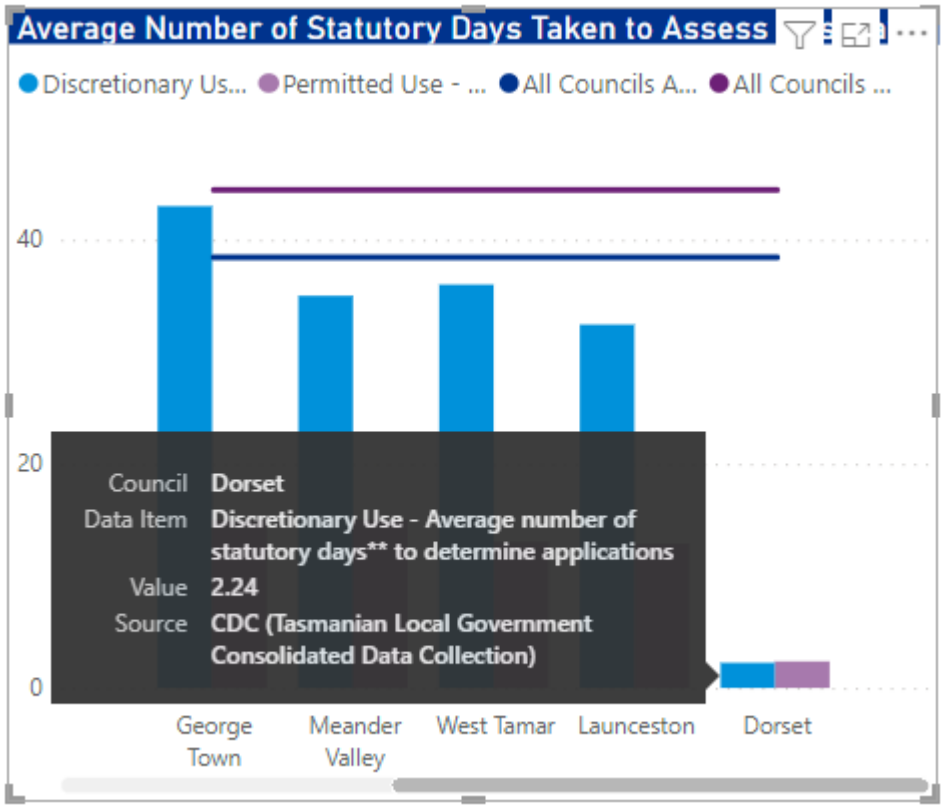
8.3 Waste management is clearly under consideration for a consolidated approach on a statewide basis (pg58). The Break O'Day Council believes that there is merit in exploring this situation due to the overall small scale of this activity in the State when compared to mainland Australia activity levels. Through a coordinated state-wide approach opportunities to achieve economies of scale will be maximised and the impact of the existing duopoly on market forces will be reduced.

Section 9 - Review theme 6: Governance, accountability and representation

9.1 The Break O'Day Council fully supports the focus on reporting on performance against a set of meaningful indicators which is a strong theme (pg60, 63) in the Interim Report. It is imperative that the Board ensures that the quality of the data being used meets the most stringent standards, not just a case of comparing 'apples with apples' but we are comparing 'Pink Lady apples with Pink Lady apples'. Council would like to highlight a couple of examples of variations in data which undermine the credibility of data comparisons.

In a response dated 27 July 2022 to the Board relating to data which had been submitted, Council officers highlighted the following apparent anomaly, we don't know whether this has been corrected.

It relates to processing of Discretionary Use Development Applications, Dorset Council apparently only take 2.24 days to process such an application. How this possible when is there is a mandatory 14 statutory day advertising period or is that meant to be excluded and other Councils have included it? This is obviously incorrect yet has been allowed to be published in a draft form without any quality assurance. This in turn is leading to questions about the validation which is being undertaken by the Board and the apparent 'blind' reliance on honest information provision. We are not truly comparing 'apples with apples' let alone 'Pink Lady apples with Pink Lady apples'.



9.2 Break O'Day Council is supportive and encouraged by the emphasis the Board has placed on community consultation and believes that Local Government is best placed to engage and understand its community. But we also agree that a consistent approach would be beneficial – we would also like to add that we would like to see the same level of commitment to engagement at all levels of Government.

Section 10 - Review theme 7: Community wellbeing

10.1 Community wellbeing and place shaping is a strongly emerging theme, it has largely always been there but the actions which occur have not in the past been collectively considered and named as such.

10.2 Frustratingly the Board observes that "Councils can advocate to either tiers of government to address those needs and they sometimes use their own resources to fill these unmet needs" (pg65). What they should also note is that despite the best advocacy occurring, there is a significant amount of inertia and capacity at other levels of Government to respond to these needs. By effectively ignoring what they are told, State Government is leaving Councils with no option but to address these matters. There is no accountability to local communities by either the State or Federal Governments for failing to meet community needs.

10.3 Wellbeing is an important tenet in the future of Local Government. Wellbeing outcomes involve systems-thinking and place-based approaches that support public participation in decision-making and employ strengths-based practice. The Interim Report needs a clearer statement about what community wellbeing work looks like in Local Government.

Working ethically, equitably, respectfully and authentically with community is important. Communities are able to identify their strengths and to participate in designing approaches to improve wellbeing if supported and resourced to do so. Councils are well equipped to foster connections that enable meaningful collaboration.

Collaborating with community on shared visions is a fundamental approach to achieving place-based outcomes. This message is not coming through as strongly in the Interim Report as the message for connections across levels of government.The scope of wellbeing work is immense and when done well creates more work and demand for resources. Resources and professional development are required to understand Councils' current effort and capability in supporting wellbeing as part of their core business; and to ensure Councils can collaborate with community to deliver meaningful and appropriate place-based outcomes.

Unresolved Matters in Interim Report

In considering the Interim Report, the Break O'Day Council have been left wondering how the Board intends to address those areas where it would like to develop more understanding. In a number of areas within the Report it has raised questions which Break O'Day Council have addressed, however, it would appear to have been logical that similar questions could have been posed in relation to the following unresolved matters we have identified.

Section 4. Opportunities, Issues, and Challenges (for each theme Future Vision)	**Review Theme 1: Infrastructure provision and management** 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.
	Review Theme 1: Infrastructure provision and management 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.
	Review Theme 4: Economic development and local promotion 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, formalizing existing and future collaborative endeavours; and • Structural changes to councils with shared regional profiles and dependencies on key infrastructure.

	Review Theme 4: Economic development and local promotion 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.**
	Review Theme 4: Economic development and local promotion 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.**
	Review Theme 5: Environment 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.
	Review Theme 5: Environment 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 organizational 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.
	Review Theme 5: Environment 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.

	Review Theme 6: Governance, accountability, and representation 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 councilor numbers, and administrative boundaries and wards.**
	Review Theme 6: Governance, accountability, and representation 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.**
	Review Theme 7: Community Wellbeing 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.
	Review Theme 7: Community Wellbeing Uncertain role definition is common to many themes in this Review – that is, which is 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? 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 Review. 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.
	Review Theme 7: Community Wellbeing 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.**
	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.
	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, organizational 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.**
	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

Section 5. Priority Reform Areas for Stage	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.
	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.
	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 benefit. 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.**
	Priority Reform Area 6 – operational sustainability It appears inevitable that some council's 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.

Questions of the Board

1. Are the Board going to update the population information to reflect the 2021 ABS figures and revisit their considerations and the narrative? If not, why don't they obviously think this is immaterial?
2. Why has the Board not indicated that they are looking at the opportunities for Local Government to take on State government activities where they are best placed to deliver the service? reference the confirmation that the Minister made to the LGAT meeting in Devonport