The future of local government review

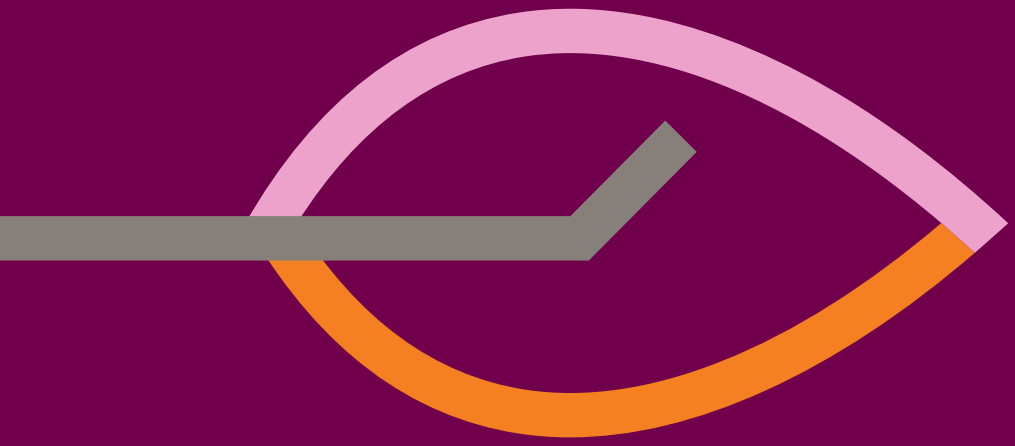
Stage 2 - Interim Report

March 2023

Let's All Shape the Future of Local Government.

Department of Premier and Cabinet

Tasmanian Government



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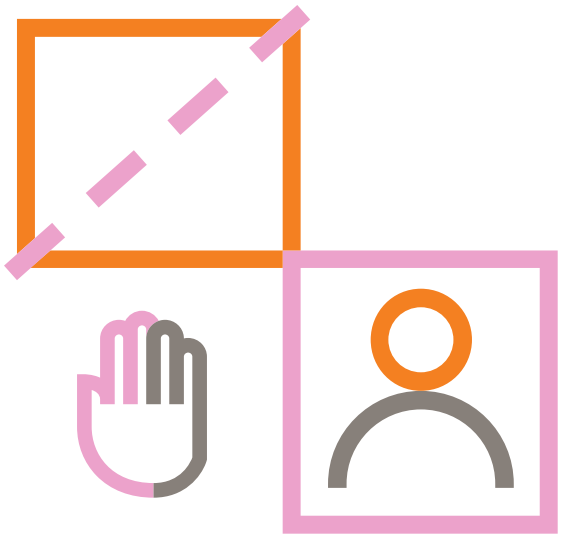
Chair's Letter to the Minister

Dear Minister

On behalf of the Board, I am pleased to provide our Stage 2 Interim Report, in accordance with our Terms of Reference.

The Report outlines the work we have done over the past nine months, as we have identified, developed, tested, and refined a suite of reform options for Tasmania's local government sector. The enclosed Report has been prepared as a public document with the expectation it will be released to promote further targeted discussions.

The Board is satisfied with the reach of our engagement during Stage 2 of the Review, thanks in part to your decision to grant us a three-month extension. This extension allowed the Board to conduct a comprehensive engagement process either side of the October 2022 local government elections – identifying and developing options from July to October and testing these options with the community in December through to February. The local government sector is to



be commended for its professional and significant contributions to the Review during Stage 2.

The Board identified and developed 33 specific reform options, based on the pressures councils are facing now and in the future. Some of these ideas are about how councils can better support community wellbeing, improve the skills and conduct of councillors, and ensure essential services and infrastructure are delivered in a fair and sustainable way.

However, our position as a Board is that specific reform initiatives can only take us so far in delivering a local government sector that is in the best possible position to meet our State's future needs and challenges.

One thing that is clear to us as we enter Stage 3 of the Review is there is broad consensus across the State that the status quo is not an optimal or sustainable model for the sector in the years ahead, and therefore some form of consolidation is necessary to deliver greater economies of scale and scope. Importantly, we have also heard from the sector, and agree, the consolidation needed to deliver significantly better services will not occur on a purely voluntary basis.

That is why, through Stage 3, the Board will be developing a cohesive and integrated package of reform recommendations, which include a combination of structural change and specific 'supporting reforms'.

Underpinning this, we will be working further with councils and talking to the community to develop a 'hybrid pathway'. This approach would involve strategic boundary consolidation to establish new councils, supported by targeted opportunities for service sharing to ensure the future sustainability of Tasmania's local government system.

We are convinced this approach will deliver the best chance of building a local government sector that better reflects and represents our contemporary communities, while having the requisite capacity and capability to provide the services all Tasmanians deserve.

As a Board, we are confident the package of options we are bringing forward and testing in Stage 3 of the Review largely reflects the hopes and aspirations all of us hold for a high-functioning, sustainable local government sector that will endure well into the future.

The next stage will be a critical part of the Review. We will be encouraging the sector to help shape the structure, role, and functions of our councils, to meet the challenges and seize the opportunities Tasmania will face over the decades ahead.

Yours sincerely

The Hon Sue Smith AM

Chairperson

Executive Summary

The Board has spent the past nine months in Stage 2 of the Review developing and testing reform ideas and options we think will deliver a successful and sustainable future system of local government for Tasmania.

We have commissioned a range of research and analysis, engaged closely with the sector, and asked the Tasmanian community for its views.

As we embark on Stage 3, we are in a strong position to finalise and deliver to the Government an integrated suite of reform recommendations that meets the objective of creating a more robust and capable sector for the future. We can clearly see the scale and scope of reform that is needed, and we now want to understand from councils and communities how to shape it.

Tasmanian communities value strong, effective, and locally responsive councils – and we will make sure our reforms support this

Understanding the Tasmanian community's needs, perspectives, and aspirations for the future of local government is fundamental to the Review.

Through all our engagement to date, we have heard that Tasmanians value local government and want to see strong and successful councils in the future. We have also heard strong and broad agreement that the status quo is not an option.

There is strong support for the delivery of services locally, which reflects and meets the needs of individual communities, such as maintaining local roads and public spaces. As we noted in our Options Paper, there is support for councils continuing to deliver the core functions and services they currently provide, and we do not think there is a convincing case to radically change local government's role in these areas.

However, we have heard how important the role of councils is in working locally to support the wellbeing of communities. Councils working together and with the State Government to address challenges like climate change has also been identified as a priority. In some areas, like primary health services, we think other levels of government need to step in so councils are not put in the position of being direct service providers or funders of last resort.

We know the Tasmanian community generally recognises and supports the need for substantive changes to the sector if it is going to meet our future needs. For instance:

- The majority of Tasmanians believe we have too many councils for our population. Only one in three believe the current number is right or that we should have more;
- Almost half of Tasmanians think things will get worse over the next 20–30 years if there was no change to how councils work. Only 14 per cent think things will get better. The main reasons for this pessimism included councils and councillors not being appropriately equipped to be 'forward thinking' and manage future issues, including challenges with population growth and ageing;
- There is very strong support (over 80 per cent state-wide) for councils sharing more services to deliver better outcomes to the community;
- 80 per cent of Tasmanians don't mind which level of government provides services locally, as long as they are delivered well
- People place a high value on councils' role in providing roads and other infrastructure but feel this could and should be improved. This is particularly the case for people living in rural councils, who are - on average - less satisfied with their council's infrastructure management performance;
- Younger Tasmanians feel disengaged from and unrepresented by their local council, but will arguably be most impacted by the challenges the community will face in the next 30–40 years. These Tasmanians have strong views on what councils should be focusing on in the future (see Appendix 1); and
- Similarly, Aboriginal Tasmanians feel distant from and dissatisfied with all levels of government, including councils, highlighting the need to improve representation and engagement (see Appendix 1).

Crucially, smaller rural communities value different things about their local council than those in large city neighbourhoods. People in smaller communities interact with their councils more frequently and rely more heavily on their local elected members and council workforces as the 'first port of call' on a broad range of issues.

Tasmanians appear to want reforms that will make councils more effective and capable in the representation they provide and the infrastructure and services they deliver to communities. But they are also wary of any reform that might weaken local voices, jobs, and services.

The Board wants to give communities confidence any changes recommended will seek to protect and enhance the things Tasmanians - whether they live in a large city or small rural community - value about their local council.

As we move into the final stage of our Review, and start to put more detail around reform proposals, we want to be clear about the principles which will guide us. We believe that any successful reform package must:

1. Be resolutely focused on future community needs (and not just tied to councils' existing structures and current priorities)

'Traditional' council amalgamation programs in other jurisdictions have tended to adopt an efficiency and financial sustainability lens, by looking at the historical performance of existing councils to identify amalgamation options. While most amalgamations have endured, our research shows these types of processes can be unnecessarily acrimonious, divisive, and leave some (typically smaller rural) communities feeling ignored.

The Board is deliberately adopting a different approach that starts by looking at the current and future needs of local communities. As we have said before, Tasmanian communities, like many around the world, are facing a range of increasingly complex challenges now and into the future – from ageing populations, climate change, and associated natural disasters to increased cost of living pressures, growing social inequality, and unexpected crises such as the COVID-19 pandemic. These challenges transcend current council boundaries and increasingly require collaborative regional approaches that are still flexible to local needs and circumstances.

This means not being bound to current council boundaries as the basis for future structures. We are, in essence, asking the Tasmanian community to adopt, at least in the first instance, a 'clean sheet of paper' approach to thinking about the overall future design of local government in Tasmania.

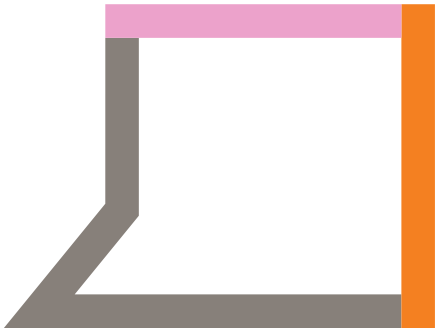
Of course, efficiency, effectiveness, and sustainability remain important drivers for structural reform. But we think these need to be secondary to the primary considerations of how we build councils that align with and support cohesive communities of interest.

2. Retain jobs and service presence locally

The Board understands the importance of local government as a major employer, particularly in small, rural communities, and how this supports local economies – by keeping people living in and contributing to these communities in an era when services and employment is being concentrated in the more urban centres.

The Board recognises there will always be a demand for work to be done locally and that, wherever possible, this should be done by people employed locally. The Board also considers that a key lesson of COVID is that people can work remotely, and this provides an opportunity to increase the number of jobs located in regional communities.

We have also heard the value that rural communities place on being able to contact local council staff who understand their local area, because they also live and work in that area. This Review presents a genuine opportunity to enhance councils' role as an employer, creating more supportive and rewarding environments for Tasmania's local government employees. The Board's view is that any package of reforms we provide to Government must build capability and capacity in the local government sector and their communities more broadly, and this includes supporting local jobs and preserving service delivery.



3. Preserve and enhance local voice

The Board wants to enhance the ability of Tasmanians to genuinely participate in and contribute to decision making in their communities, as well as building the ability of councils to effectively listen to and consider local voices in shaping and representing communities. We think creating larger, more capable councils can improve community engagement and participatory democracy at the local level.

We understand the concerns of some community members that increasing the size of councils could reduce the capacity of local communities to retain a local voice. Indeed, the Board acknowledges consolidation can go too far, with councils that are too diverse geographically, or too broad in terms of communities of interest having a reduced capacity to stay connected with their communities.

The Board has observed, however, that the opposite can also be true; the councils that are too small lack the capability to engage effectively with their communities, to develop the strategies and deliver the services which meet the express needs of local communities. The sentiment survey conducted by the Board showed a significantly lower satisfaction with the delivery of services in small, rural councils compared to larger councils.

Effective community engagement strengthens opportunities for more equal representation, allowing input from those with diverse knowledge, local context and lived experiences, and better reflecting the priorities of all community members who live in a Local Government Area (LGA), not just the 'loudest voices'. Effective community engagement also acknowledges there may be barriers to having a voice for some individuals or groups and ensures any barriers are mitigated. We know this is needed, now more than ever, as our communities grow more diverse, and face a broader set of opportunities, issues, and challenges.

Enhancing local voice builds trust and ensures local democracy is a priority at the grassroots level, ensuring people have the opportunity to make meaningful and valued contributions.

4. Be supported by fair funding models that smooth financial impacts for communities

Any major structural change will need to be accompanied by significant design work around how the new councils will be funded in the future. This may mean changes to the operation and application of rating and grant funding models. Inevitably, those changes will flow through to the community in terms of how the existing rating is redistributed. The Board will recommend any transition arrangements should be introduced over an extended period to smooth any financial impacts and avoid 'shocks' at the individual ratepayer level.

The Board recognises funding arrangements should reflect the distinctive needs and circumstances of regional and rural councils.

Whatever funding arrangements are implemented to support a new structural model, the Board believes they should be underpinned by the principles of efficiency, simplicity, fairness, and transparency.

5. Be supported by dedicated and appropriate resourcing for transition

To be successful, transition to a new system of local government in Tasmania must be properly planned, resourced, and professionally managed. Experience in other jurisdictions demonstrates that we must be up front and realistic with the community.

Transition processes and the equitable management of existing council debt and capital outlays are likely to be complex, and transition costs will likely require significant investment from the State Government.

It is crucial any consolidation process does not simply result in one council being subsumed by another. Communities coming together in new LGAs need to have a shared sense of ownership. This will likely mean creating entirely new council identities, with fresh elections as soon as possible once the necessary legislative and administrative structures have been established.

Structural reform is essential to build local government capability and capacity for the future

The Board has concluded significant structural changes must be at the centre of any effective reform package. From what the sector itself has told us – and our own research - achieving greater scale is essential to unlocking and building improved (and more consistent) capability across the Tasmanian local government sector.

Having 29 LGAs does, in the Board's view, have a significant and detrimental impact on the ability of councils to attract and retain key staff, to uniformly manage assets well, and to deliver important regulatory functions.

The Review has identified concerning capability gaps across the sector, driven in part by workforce and skills shortages leading to sub-standard delivery of important regulatory functions and highly uneven asset management practices. These gaps and challenges are being felt more acutely in smaller, rural councils.

At a strategic level, the competition, fragmentation, and duplication of effort which naturally occurs across 29 councils can and does hinder collaborative effort and outcomes when it comes to managing regional and state-wide challenges. The fact tens of thousands of Tasmanians now commute across council boundaries on a daily basis is a clear example of how current LGAs are no longer aligned with the communities in which many Tasmanians live and work.

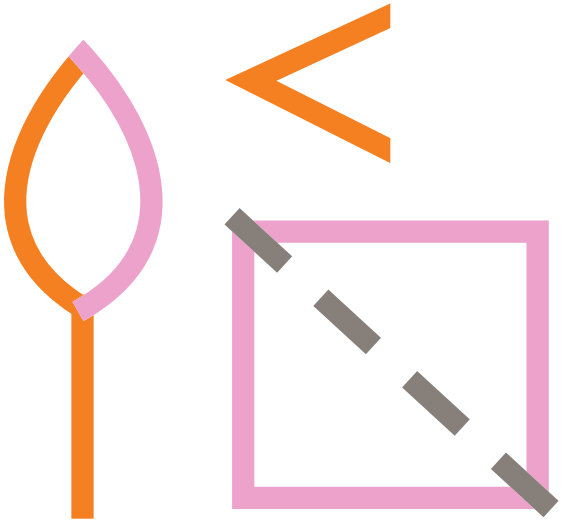
While the Board has identified a set of specific reform options intended to deliver better outcomes - even if our current 29 LGA system was retained – based on everything we have observed and heard we believe we would only be playing at the margins if we did not tackle the 'main game' of fundamental structural reform.

The Board's considered view on the current structure of the Tasmanian system of local government remains that:

1. **The status quo is not an optimal or sustainable model for the sector as a whole, given growing demands, complexity, and sustainability challenges;**
2. **Some form of consolidation is necessary to deliver greater economies of scale and scope, at least for some services; and**
3. **The scale and extent of the consolidation needed to deliver significantly better services will, unfortunately, not occur on a purely voluntary basis within the current framework. Reform must be designed collaboratively but, once settled, implementation must be mandated by the State Government.**

As the Board indicated in its December 2022 Options Paper, if 'scaling up' is well designed, planned, and properly supported by the State Government we think the sector can and will significantly improve the overall quality and range of services provided to Tasmanians. Further, the sector should be able to act as a more effective partner to support a range of important social, economic, and environmental outcomes, and become a more attractive place to work.

The question then becomes 'how do we achieve the goal?' And that is where we – the Board, the sector, the Government and, indeed, the community – need to make some decisions about the best model to take us forward.



Mandating change: Why major structural reform cannot happen voluntarily

"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."
(Stage 1 Interim Report).

While the Board has heard a range of concerns about both 'forced amalgamations' and 'mandated shared services', it firmly believes that substantive structural reform - the sort needed to deliver significant improvements to how Tasmania's system of local government works in the future – simply cannot be achieved on an 'opt-in' or voluntary basis.

We know this because previous attempts at voluntary local government reform in Tasmania have been ineffective. This was the view of the Premier's Economic and Social Recovery Advisory Council when it recommended the establishment of a wholesale local government reform process, which ultimately led to this Review.

In 2016 and 2017 the Tasmanian Government and councils funded a suite of voluntary amalgamation and shared services studies which demonstrated a range of substantial potential financial and strategic benefits to councils and communities of greater planning and services consolidation, coordination and/or integration, relative to the status quo. Despite this, only limited progress has been made to take up the opportunities identified by the studies.

It is clear to the Board that State Government leadership and support is needed to deliver successful structural reform. This aligns with our core principle above which highlights the critical role of dedicated resourcing and expert management for any transition.

Structural reform must be designed collaboratively but, once settled, its implementation must be mandated. The sector itself broadly agrees that this is the only way to elevate the reform discussion, so that we can focus on how we achieve what needs to be done to build a successful future local government sector for all Tasmanians.

Council boundary consolidation and shared services both have a role to play

The Board's view is the preferred approach for the future system of local government in Tasmania is a 'hybrid' blend of larger councils, supported by shared services for some functions. This would mean pursuing substantive boundary consolidation to create larger councils with greater capability, aligned with contemporary community catchments, and establishing (either in parallel to or following boundary consolidation) formalised shared services arrangements between those new councils, where there was an identified benefit to the community in delivering certain functions at an even larger scale.

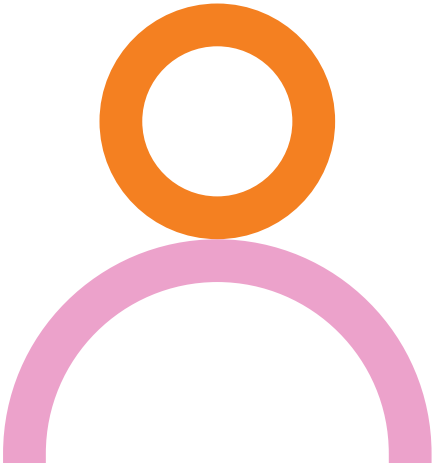
The Board now believes the 'hybrid' pathway is the only one of the three structural options we put forward in December which provides the requisite flexibility to deliver necessary scale on the one hand, while still being able to create councils which meet the unique and diverse needs of our local communities (particularly our rural and regional communities). The Board's engagement overwhelmingly supported this as the preferred approach for these very reasons.

The Board is not convinced adapting the design of any future consolidation model to the current 29 LGA system – for example via a complex set of shared services arrangements - is either logical or desirable. To do so would be a missed opportunity to reshape boundaries to better reflect the demographic, economic and environmental realties of Tasmania in the 21st century.

On the flip side, building new Tasmanian councils of a scale that would make any shared services unnecessary would likely result in an unacceptable trade-off in terms of local representation, voice, and service tailoring. Councils would likely need to be so large as to serve entire regions, which the Board believes undermines the localism we have heard is so central to the sector and to communities.

While the Board remains open to a range of possible outcomes under a 'hybrid' model, its preferred approach would:

- **Involve significant mandated changes to existing council boundaries to create a smaller number of larger, more capable councils.** The total number of LGAs in Tasmania would be substantially reduced, but with boundaries redrawn to reflect genuine communities of interest. In this scenario, most councils (particularly those with larger urban centres) should be of a sufficient scale to provide most core services and functions on a 'standalone' basis.
- **Provide flexibility to apply for different approaches to designing new councils that serve urban and rural communities, respectively.** This may mean, for example, scaling up our urban councils while preserving some smaller rural LGAs. In short, our future structure needs to be able to accommodate the (often very different) needs and circumstances of urban and rural communities – one size cannot fit all.
- **See the mandating of some service sharing but only for a relatively narrow range of services or functions.** This would not preclude further voluntary collaboration and service sharing between councils in areas of mutual interest or benefit. In fact, the Board also wants to explore how it can reduce barriers to allow more effective voluntary shared service arrangements. However, many potential mandated service sharing options would be contingent on new LGA boundaries and councils.



Specific reforms can improve the sector, but structural reform is essential to unlock their full potential

The Board put forward 33 specific reform initiatives in its December 2022 Options Paper, which it believed have the potential to improve the way councils work and deliver better outcomes for communities as a result. The feedback on these options was insightful, constructive, and positive, and we are continuing to develop the detail of how many of these options might work in practice.

The Board's firm view is that specific reform proposals will deliver the best outcomes where they are developed and implemented in the context of a fundamental sector re-design aimed at lifting Tasmanian councils' overall capacity, capability, and sustainability.

This is not to say specific reforms would not have a positive impact in the absence of broader structural change. The extent to which they can drive substantially better outcomes will, in the Board's view, be severely curtailed unless the 'big picture' structural issues in the sector are tackled as the first order priority.

As the Board moves into Stage 3, it will be seeking to develop a cohesive and integrated package of reform recommendations which includes a combination of structural change and specific supporting reforms.

Please note that, following receipt of this Stage 2 Interim Report on 31 March 2023, the Minister for Local Government has amended the Terms of Reference for the Review in relation to the specific issue of councils' role in assessing development applications under the *Land Use Planning and Approvals Act 1993*. The Minister has advised the Board the issue will no longer be included within the scope of the Review. He has instead referred the matter to the Minister for Planning for further consideration and consultation as part of the Government's ongoing planning reform agenda.

Councils' role in development approvals is contested and needs to be resolved, one way or another

The Board's December 2022 Options Paper included several potential changes to councillors' role in the development approval process. Planning-related changes can be highly contentious, both across the sector and in the general community. A significant number of councils have said they stridently oppose removing the planning authority status from councils, while others indicated they would welcome it.

There is a strong division between those who believe councillors have a legitimate role in directly making planning decisions, and those who believe the role of elected representatives is to shape local planning schemes and represent community views in the planning process but that decisions should be made by local professional planners or, in the case of complex applications, by independent planning panels.

While the Board believes there is a tension between councillors' role as community advocates and their role as a member of a planning authority, it has heard mixed and conflicting evidence about whether this is a significant problem, or if the tension is being appropriately managed in most cases.

The Board is putting forward three potential reforms for further feedback in Stage 3 and wants to hear more from the community on this issue before it lands on a proposed way forward:

- **Reform 1:** Remove councillors' responsibility for determining development applications entirely. All developments would be determined by council planning officers or referred to an independent panel for determination.
- **Reform 2:** Give councils a framework for the referral of development applications to an independent panel for determination.
- **Reform 3:** Provide guidelines for the consistent delegation of development applications to council staff.

Community-centred consolidation: starting a different kind of reform conversation

In Stage 3 of the Review, the Board wants to have an open, honest, and informed community conversation about how we can practically deliver the level and scope of structural change we think is needed to provide what Tasmanians and their communities will need in the decades ahead.

We want to talk to councils and Tasmanians about how we develop local government structural change proposals Tasmanians can and will support because they reflect and seek to strengthen genuine 'communities of interest'. We use this term to describe a group of people whose common needs, geography, and connections to one another provide a logical scale for local governance.

We will do this by adopting a 'community-centred consolidation' approach. By this we mean we will look at how new LGAs might evolve, develop, and shift from our existing council map to reflect how our local communities live and work. We do not want to be simply pushing two or more existing council areas together and expecting communities to go along with that.

A community-centred consolidation approach starts with an understanding of how our unique and diverse local Tasmanian communities operate and interact now, and how they are likely to evolve in the future. By understanding the economic, social, cultural, and geographical relationships between our places, we can start to develop future council boundaries at an appropriate scale, but which are also underpinned by a strong shared sense of community identity.

Once we have a good understanding of these things, we can shift our focus to the crucial and complex task of designing the necessary governance, funding and other supports needed to build new, community-focused future councils.

Identifying and defining Tasmanian 'community catchments': beginning to shape our future LGA boundaries

To support focused discussions, the Board – working with the University of Tasmania - has started to develop contemporary Tasmanian 'community catchment' maps. These maps are based on a range of data and insights about how Tasmanians live, work, shop, travel, and play.

Our nine distinct 'community catchments' will be used to organise region-level discussions about how well our existing LGAs represent communities of interest. These areas are based on analysis of commuting patterns, geographical connections between settlements, and population growth. A similar method was used by the Productivity Commission in 2017 to identify 'Functional Economic Regions' representing the daily movements and connections of local communities all around Australia.

The community catchment maps identify areas of inherent 'connectedness' of Tasmanian communities that transcend current council boundaries. They do not represent final (or even preliminary) boundary recommendations.

The maps are also the result of the Board applying a set of foundational principles and criteria we think will make for robust councils serving cohesive communities. Our criteria place primacy on community cohesion and connectedness, with operational capability and financial sustainability framed as 'supporting' considerations.

We want these maps to act as a catalyst for conversations with and between councils and communities about how we potentially reorganise our local government boundaries at a larger scale to deliver stronger capability, while simultaneously supporting and enhancing community cohesion, voice, and identity.

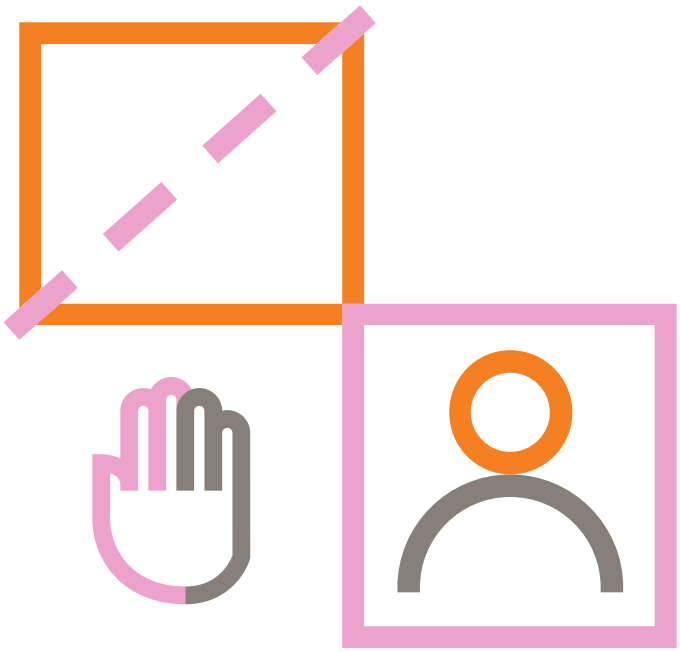
Part of this conversation needs to be about the specific role shared services arrangements might play in the context of potential new LGA boundaries. The Board wants to ensure any such arrangements build on (and not undermine) improvements in scale and capability that might be delivered through boundary reform.

During Stage 3, we will invite the councils covered by each community catchment map to provide their views on the design of local government likely to deliver the best outcomes for the communities in that region. This includes both ideal council boundaries, as well as any opportunities for service consolidation via shared services.

We want to talk with councils in detail about the financial, operational, community, and geographic factors that need to be considered in designing a council or councils that can effectively serve that community catchment.

We will also invite any proposals developed and agreed by groups of councils in a region that are consistent with the principles, criteria and methodology outlined in this Report.

During Stage 3 the Board will also provide dedicated processes for community consultation.



1. **Introduction** (The Journey so far)

At the end of 2021, the State Government established the Local Government Board and asked it to review the way Tasmanian councils work and make recommendations about how the current system needs to change so that councils can meet the challenges and opportunities the community will face over the next 30–40 years.

The Review commenced in January 2022 and was structured in three main stages:

Stage 1 involved community consultation, research, and evidence-gathering. It concluded in June, when the Board provided its first Interim Report to the Minister for Local Government. This engagement highlighted the key role played by local government in Tasmania as well as current and emerging challenges, opportunities, and priorities for reform.

Stage 2 (the current stage) is concerned with developing and testing a broad range of possible reform options to address the issues, challenges, opportunities and priority reform areas identified in Stage 1. The Board is to provide a further interim report to the Minister (this Report) with a refined set of options by the end of March 2023.

Stage 3 (the next stage) will see the development and delivery of a specific set of reform recommendations to the Minister, supported by a clear and practical implementation plan. The Final Report was initially scheduled to be delivered to the Minister by 30 June 2023, but the Minister extended this by three months to 30 September 2023 to allow more time for the development of our final recommended reform package.

At the end of the formal Review process, the Government will consider the Board's recommendations and decide how it wants to respond.

Interim report released

89 submissions FROM THE public
18 submissions from councils
2 submissions from mayors
2 submissions from peak bodies

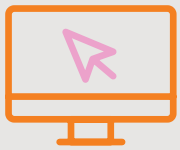
33 'divergent views'
interviews with a wide range of
sector experts focused
on identifying innovative or unorthodox perspectives

State-wide Plenary Workshop with 51 peak body and local government stakeholders

6 follow-up focus groups
to discuss and develop potential draft reform approaches

Meetings with all State Government agencies

Survey of almost 500 Tasmanians aged 16–44

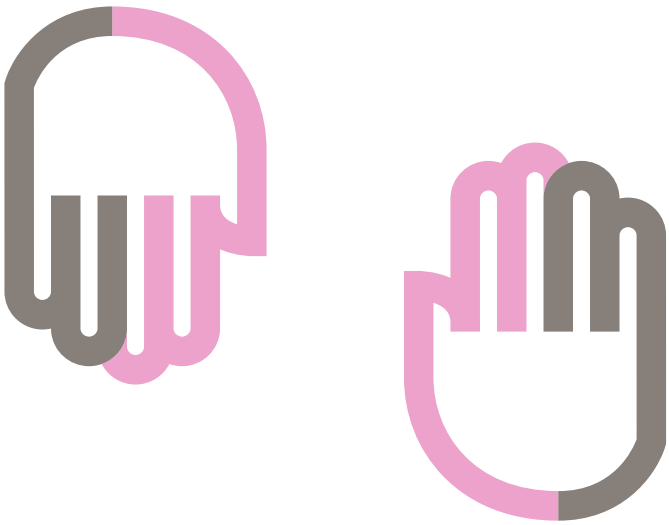


4 state-wide workshops WITH 61 members of Aboriginal Communities in Tasmania

In-person regional meetings
with council Mayors and GMs in Burnie (6 councils), Launceston (4 councils) and Hobart (6 councils)

6 meetings with key stakeholders including the Chair and Deputy Chair of the Premier's Health and Wellbeing Advisory Council and the New Zealand Local Government Review Secretariat

Figure 1 – Summary of early Stage 2 engagement



Developing reform options

Early in Stage 2, we undertook a comprehensive program of stakeholder and community engagement and conducted and commissioned research and analysis to identify reform options and ideas, as depicted in Figure 1. (see our publications page to access a range of supporting materials which have informed the Board's thinking).

This culminated in the public release of an Options Paper on 14 December 2022. The Board identified **eight reform outcomes** which the Review aims to deliver for the local government sector. These are the things we believe are essential if Tasmania's system of local government is to deliver the services and support the community needs.

To support the sector to realise these outcomes, the Board proposed **33 specific reform options**, based on the key pressure points councils are facing now and in the future. Some of these ideas are about how councils can better support community wellbeing, improve the skills and conduct of councillors, and ensure essential services and infrastructure are delivered in a fair and sustainable way.

The need for structural reform

As we explored these reforms, we heard strong agreement from the sector that the status quo is not an optimal or sustainable model, and that some form of consolidation is necessary to deliver greater economies of scale and scope, at least for some services. Importantly, we also heard that, within the current framework, the scale and extent to which consolidation is needed to deliver significantly better services will not occur on a purely voluntary basis.

In response, we also identified **three main structural reform pathways** for building capability across the sector. These pathways present different approaches for redesigning Tasmania's system of local government, to ensure councils in the future have the necessary scale, resources, capability, and capacity to deliver their critical functions.

Three reform pathways
1. Significant (mandated) sharing and consolidation of services
2. Significant boundary consolidation to achieve fewer, larger councils
3. A 'hybrid' model combining both service and boundary consolidation

Testing reform options

From the 14 December 2022 until 19 February 2023, the Board invited written submissions on its Options Paper via post, email, and an online survey portal.

In February and March the Board hosted a series of meetings - mostly in regional towns to ensure Tasmanians outside of major population centres had the opportunity to engage in person. We held 34 sessions with communities, elected representatives and council staff. These sessions gave attendees the opportunity to discuss the Options Paper, with a particular focus on the structural reform pathways. Appendix 2 contains a report on what we heard across these meetings.

Image 1 Bicheno Council Staff Meeting

Image 2 Ulverstone Elected Representatives Meeting

Image 3 Kingston Community Meeting

Image 4 Bothwell Community Meeting

Image 5 West Coast Council Staff Meeting

In total, we heard from or met with over 720 community members, local government stakeholders, peak bodies and organisations from December 2022 to the end of February 2023. This process has allowed us to identify potential issues with reform options and understand community and stakeholder sentiments.

Overall, as we conclude Stage 2, the Review has so far heard from or engaged with over 4,000 community members and stakeholders, and had our social media marketing and promotional material seen by Tasmanians over 2 million times.

Online survey
submissions on reform options – **146**

Regional meetings

- with Elected representatives – **134**
- with council staff – **161**
- with community members – **178**

Written submissions

- from councils – **26 out of 29 councils**
- from organisations and peak bodies – **21**
- from individuals – **61**

Figure 2 – Option Paper Engagement Numbers

Report Purpose and Structure

The Board's Terms of Reference require us to provide at the end of Stage 2 "...a 'shortlist' of feasible reform options that the Board considers, based on the evidence, would optimise the performance of council services and functions and deliver on community needs and expectations".

The Board's second Interim Report (this Report) is both a summary of the work we have done in Stage 2 and a roadmap for how we will approach the development of our reform package in Stage 3.

The Report is organised into **five main sections** (including this Introduction – Section 1):

- **Section 2** discusses the Board's current position on future structural reform pathways. We explain why we favour a 'hybrid' structural change model, underpinned primarily by a program to consolidate existing councils into new, larger local government areas shaped around contemporary 'community catchments'.
  We explain the role that shared services arrangements can and should play as part of this future state and unpack why getting our LGA boundaries 'right' should occur before considering many of the functions and services that may be better delivered at a scale above and beyond new, larger councils. We also explain why change will only occur if its mandated – voluntary approaches have failed to deliver needed reform.
  This section also responds to the main concerns we have heard about creating larger council areas. It sets out why and how we think these issues should not prevent the State moving forward with bold structural reform. We explain how the concerns raised have helped us formulate a set of principles to mitigate the risks outlined to us and guide the transition from current arrangements to a redesigned local government sector.
- **Section 3** takes the consolidation discussion a step further and explains how the Board will develop future structural change scenarios in Stage 3. At the heart of this is a **'Community-Centred Consolidation'** approach. In simple terms, this means starting with an understanding of how our unique and diverse local Tasmanian communities operate and interact now, and how they are likely to evolve in the future. By understanding the economic, cultural, and geographic relationships between our places, we can start thinking about future council administrative boundaries that make sense and are underpinned by a strong shared sense of community identity. With a good understanding of that, we can design the governance, funding and other supports needed to ensure those community-focused councils can succeed.
  To promote a genuine and open community conversation about future council boundaries, the Board has mapped Tasmanian 'community catchments'. These maps do not have precise boundaries. The aim is to **show areas of inherent 'connectedness' of Tasmanian communities that transcend our current council boundaries. They do not represent final (or even preliminary) recommendations for new council boundaries.** They are intended to act as a catalyst for conversations with and between councils and communities about how we potentially redraw the local government map to deliver councils at a larger scale. The core objective being to deliver stronger capability, while simultaneously supporting and enhancing community cohesion, voice, and identity.
  Section 3 also explains how we are treating shared services as part of the structural reform discussion. It gives an early indication of the functions and services the Board believes may benefit from being delivered via shared services models.
- In **Section 4**, we reflect on the 33 Specific Reform Options the Board put forward in its Options Paper. We explain our current and evolving thinking on these options and set out the work we will be doing in Stage 3 to further test, develop, and refine them alongside the 'big picture' structural pathway conversation. Where we have decided not to proceed with options (at least not in the form proposed in the December paper), our underlying thinking and rationale is clearly explained.
- In **Section 5**, we chart the course for Stage 3 of the Review and set out our approach to engagement and consultation. We also make clear our view that, given the ambition and scope of this Review, the package of strategic recommendations the Board puts forward at the end of Stage 3 will inevitably require further technical design work to operationalise and implement.

2. **Future Reform Pathways –** The Board's Evolving Position on Structural Change

In our Options Paper, the Board laid out **three** potential structural reform pathways for the future of local government in Tasmania:

Three structural pathways

1. Significant (mandated) sharing and consolidation of services

   Under this pathway, certain local government functions and services would be consolidated and centralised at the sub-regional, regional, or state-wide scale, where there are clear efficiency and effectiveness benefits in doing so. Current local government areas would be largely – if not entirely – preserved, but councils would be required to participate in formalised and consistent shared services for identified functions.

2. Significant boundary consolidation to achieve fewer, larger councils

   Under this pathway, the administrative boundaries of Tasmania's current 29 LGA would be 'redrawn' and a series of new, larger LGAs would be established to represent and deliver services to those LGAs.

3. A 'hybrid' model combining both service and boundary consolidation

   This pathway would involve some boundary changes (though less than under option two) and some service consolidation where clear benefits can be identified.

Figure 3 – Three Structural Pathways

The Board put these pathways forward because it believes there is broad and clear consensus in the sector itself on the three following fundamental points:

- **Firstly, the status quo is not an optimal or sustainable model for the sector, as a whole, given growing demands, complexity, and sustainability challenges;**
- **Secondly, some form of consolidation is necessary to deliver greater economies of scale and scope, at least for some services; and**
- **Thirdly, the scale and extent of the consolidation needed to deliver significantly better services will, unfortunately, not occur on a purely voluntary basis within the current framework. Reform must be designed collaboratively but, once settled, implementation must be mandated by the State Government.**

Unsurprisingly, the structural pathways have generated significant community debate and discussion. The Board has heard a range of views from elected members, council staff, peak bodies and organisations, and the broader community about which pathway will best serve Tasmanian communities into the future, and why.

The Board has listened carefully to all perspectives while it has continued to undertake its own research, analysis, and deliberations. As we embark on Stage 3 of the Review, the Board believes it is important that we clearly explain our current thinking and broad position on the structural pathway question.

As we have engaged further with the sector and communities, we became even more confident that unlocking increased administrative and functional scale is necessary to improve capability in the sector and lift the overall standard of services that Tasmanians can expect from their councils. We also think it is central to ensuring that future councils can sustainably provide the level of services that Tasmanian communities need.

Why scale matters - Building local government capability and capacity for the future

In our Options Paper, the Board made clear our view that a critical part of the solution for local government reform is increasing scale in key areas.

We said in the Options Paper that we knew – from our own research and analysis and sectoral and community engagement – that our system of 29 LGAs is having a significant and detrimental impact on, for example, the ability of councils to attract and retain key skills, to uniformly manage assets well, and to deliver important regulatory functions.

We identified concerning capability gaps, driven in part by workforce and skills shortages, that were manifesting in, for instance, sub-standard delivery of important regulatory functions and highly uneven asset management practices (see Table 1 below). We noted these gaps and challenges are being felt more acutely in smaller, rural councils.

At a strategic level, we also observed the competition, fragmentation, and duplication of effort that naturally occurs across 29 councils can and does hinder collaborative effort and outcomes when it comes to managing regional and state-wide challenges that transcend current LGA boundaries.

As we have engaged further with the sector and communities, we became even more confident that unlocking increased administrative and functional scale is necessary to improve capability in the sector and lift the overall standard of services that Tasmanians can expect from their councils. We also think it is central to ensuring that future councils can sustainably provide the level of services that Tasmanian communities need.

Capability gap	Evidence
Workforce shortages	In 2018, 69 per cent of councils were experiencing a skills shortage and 50 per cent were experiencing skills gaps. In 2022 this had deteriorated, with 86 per cent of Tasmanian councils experiencing a skills shortage. Engineers, town planners, environmental health officers, and building surveyors were in the top five areas of shortages.
Gaps in public health monitoring and reporting	62 per cent of councils are failing to carry out all the food safety inspections recommended to protect the public from dangerous food poisoning risks like Salmonella. 72 per cent of councils are failing some of their responsibilities for monitoring that the water in pools and outdoor sites is safe for swimming. Smaller councils were more likely to be failing in these responsibilities than larger councils.
Uneven enforcement of building and plumbing regulations	69 per cent of councils are failing to perform the plumbing inspections required to ensure public safety and prevent risks like waterborne illness. 31 per cent issued some plumbing permits without site inspections. When building orders were not complied with, councils failed to take follow up action in 79 per cent of cases. On these plumbing and building measures, larger councils were more likely to be fulfilling their responsibilities than smaller councils.
Planning to maintain roads and other council assets	A review of asset management plans has found high levels of non-compliance with minimum statutory requirements. Many councils used longer-than-recommended useful lifespans when valuing their assets. There are instances where major asset classes like stormwater infrastructure have not been accounted for at all.

Table 1 - Emerging capability gaps and supporting evidence

A question of scale? How council size affects capability and service delivery costs

The Board's early research (Tasmanian Policy Exchange, UTAS 2022. *National and international trends in local government and their relevance to Tasmania.* Future of Local Government Review Background Research Paper No. 2) indicated the relationship between council size and service cost efficiency is not always clear cut. While we have said from the outset that the focus of reform should be on increasing council capability to deliver better services, the Board has still been keen to understand if and how council size (as well as other factors, like levels of urbanisation and community disadvantage) impacts on the costs to local communities of providing councils' core functions.

In Stage 2, the Board engaged SGS Economics and Planning to look at how much councils spend on delivering their core suite of functions and services, including waste management, road and bridge construction and maintenance, planning and regulatory functions, and back office corporate support. Alongside this, SGS also analysed the strategic capacity and capability of Tasmanian councils, with a focus on the professional and technical capability of council staff, including skills and workforce strengths, gaps and shortages, and supporting data, systems and assets.

The full SGS Report is published on the Review website (www.futurelocal.tas.gov.au/publications/).

Key findings:

- SGS's analysis of service costs suggests that larger councils invest more across most of the core functional areas they examined.
- SGS concluded, however, this is because those larger more urban councils can and do provide a greater range and higher quality of service for most of these functions, relative to their rural counterparts. Further, larger urban councils often provide regionally important infrastructure and facilities utilised by residents from neighbouring councils, and experience higher demand on infrastructure resulting in greater maintenance and renewal costs.
- However, when service costs were controlled for complexity – then larger and more urbanised councils appear to have either broadly equivalent or lower per unit costs across a range of functions. This is to be expected given the known efficiencies of serving urban centres with high population densities, compared to councils with dispersed rural communities (which often also have significant lengths of road infrastructure assets to maintain).
- For services that are relatively similar across all councils, such as waste collection, the cost of delivering these services clearly reduced as the size of the council increased.
- Ultimately, the SGS analysis has highlighted the sheer diversity in service offerings across Tasmanian councils makes it difficult to draw simple conclusions about the relationships between scale and the cost of service delivery. This challenge is increased by inconsistent approaches to data collection and reporting on functional costs across the sector which currently makes 'apples and apples' comparisons extremely challenging (if not impossible). **The Board believes that there is significant scope to improve service cost and quality benchmarking as part of a contemporary performance monitoring and management framework for the sector. This is discussed further in section 4 as part of our proposed Specific Reforms.**

Our analysis has found that almost all councils with populations greater than 10,000 spend approximately $1,000–2,000 per resident each year. Councils serving smaller populations spend much more per resident – up to $8,000 each year. They source these funds from Commonwealth and State grants, but also by charging higher rates, with the smallest rural councils charging the highest rates.

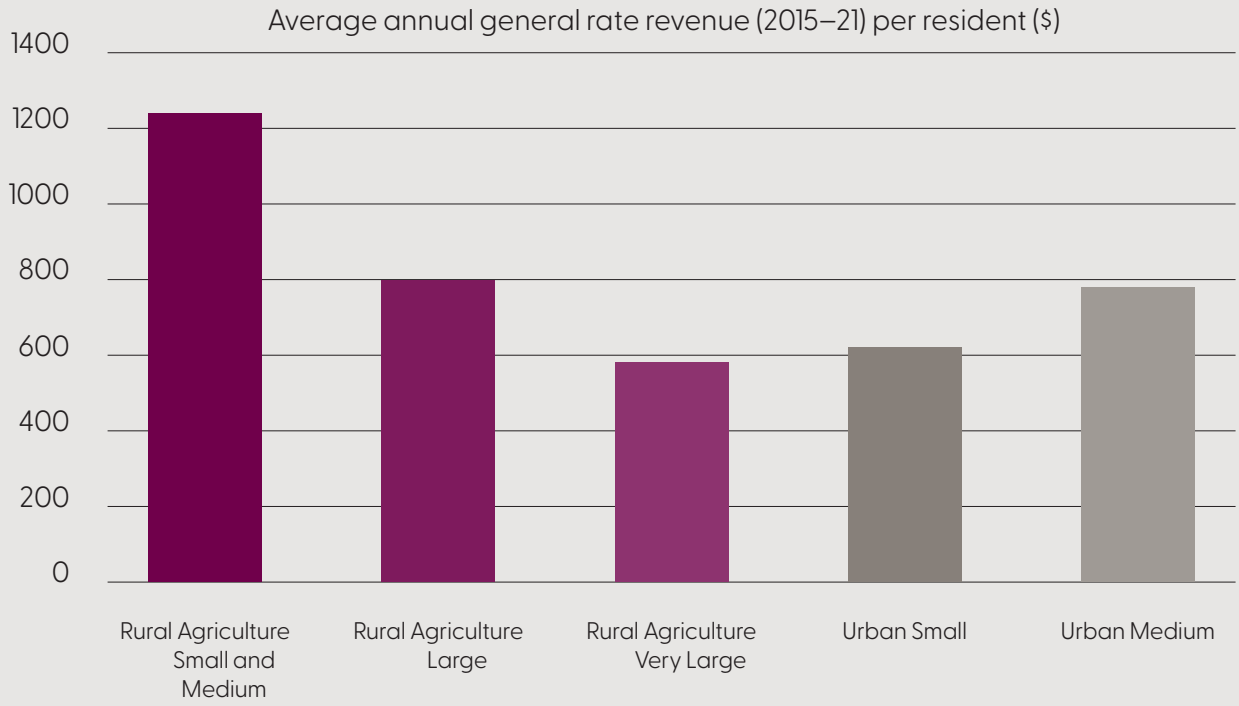


Figure 4 – Average annual general rate revenue (2015-21) per resident ($) by council category.

Findings from the SGS strategic capability review that we commissioned in Stage 2 reinforced what we continue to hear as we engage with council staff throughout the Review, which is that capability is stretched, and workforce challenges are only compounding this.

The analysis found that asset management was a particular area of concern and potential risk, and this lends further support to issues identified through the Board's desktop review of council strategic asset management planning documents[1].

1 J. Howard Asset Management Report - http://www.futurelocal.tas.gov.au/wp-content/uploads/2023/04/230331-Tas-AM-Review-Update-V4.pdf

http://www.futurelocal.tas.gov.au/wp-content/uploads/2023/03/221212-Detail-compliance-with-Order-V2.pdf

Reviewing Council Asset Management Practices

Management of roads, stormwater, and other infrastructure is the single biggest expenditure item for councils. The maintenance of these assets to appropriate standards is crucial because it supports broader regional and state-wide economic and social objectives.

We also know that communities place a high value on the sound management of these assets. Our sentiment survey revealed that 60 per cent of Tasmanians cited 'quality infrastructure' as one of their top three priorities for the future of their local area.

As part of its broader research and evidence gathering program, the Board engaged local government asset management expert John Howard to undertake a desktop review of council strategic asset management plans and practices. The objective of the review was to provide the Board with a better understanding of the diversity of approaches that councils currently take with respect to managing their existing assets (including how they account for depreciation based on asset lives) and a clearer picture of Tasmanian councils' current and future asset maintenance renewal obligations, as they relate to, and impact on, their broader financial sustainability.

The review looked at councils' compliance with minimum statutory requirements for the preparation of strategic asset management and planning documentation, as well as valuation and depreciation practices.

The review found significant variation in performance and practices across the sector. For example:

- Less than half of all councils had a current Long Term Strategic Asset Management Plan;
- Compliance with statutory requirements for the content of associated asset management plans and policies was also highly variable. 64 per cent of councils were compliant with requirements in relation to asset management plans and this figure was 73 per cent for asset management policies. Compliance rates for these items should be approaching 100 per cent to provide information for councils to manage future infrastructure service levels and risks in a financially sustainable manner;
- Some councils have adopted their own approaches to meeting the statutory requirements for asset management plans that are not technically compliant despite templates being made available to assist with these tasks, resulting in a loss of consistency and comparability across the local government sector in Tasmania; and
- Average useful lives being adopted by councils for the same asset classes vary significantly, and in many cases useful lives are being extended with little transparency as to the reasons. Extending useful lives of infrastructure assets without justification and documentation of engineering reviews of expected physical wear and tear and technological and commercial obsolescence of the asset will understate depreciation expense. This will reduce the capacity of councils to complete the required asset renewal programs identified in the long-term strategic asset management plan and result in lower service levels for the community.

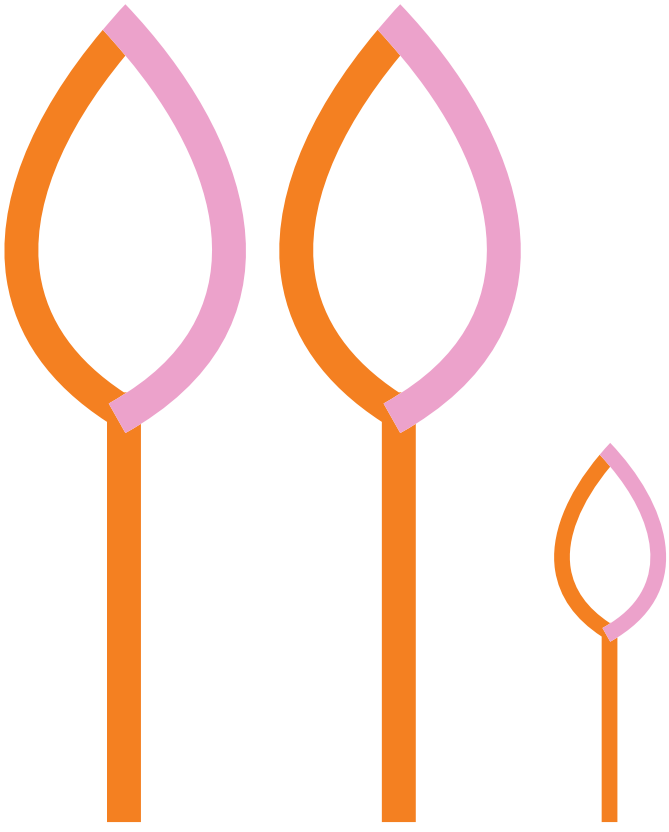
These findings are supported by observations made by SGS Economics and Planning in its qualitative analysis of councils' strategic capability in relation to asset management (see below).

The Board has commissioned a further piece of work building on this Review to better understand how well councils are currently aligning their asset management and financial management plans. This work has commenced and is ongoing in Stage 3.

Strategic Asset Management – A Major Future Challenge for the Sector

"...while some councils indicated that they had strong knowledge, systems, and processes [in relation to strategic asset management], it was clear that others did not. This was of concern across all asset classes but particularly prominent in relation to stormwater. Councils manage a wide variety of assets. Having a good understanding of asset condition, future asset supply and demand, and strategic financial plans is critical. Many councils indicated that they have assets that they potentially no longer require, while others had limited strategic direction to guide forward planning. The lack of capability and capacity across asset management (especially stormwater) could be a significant risk."

SGS Economic and Planning (2023)



In surveys and workshops conducted with council staff as part of the capability analysis, the benefits of achieving greater operational scale in some functions were flagged, with the following being offered as functions or services that could be actively considered for consolidation at the regional or even state-wide level:

- regional planning for waste management infrastructure;
- regional stormwater planning and climate impact assessments;
- legislative changes across planning, building and plumbing;
- state-wide integrated statutory planning and building systems;
- outsourcing of building and plumbing services to a state-wide service via Consumer, Building and Occupational Services (CBOS); and
- standardisation of processes, systems, data collection and data storage to further support sharing of services.

We have also heard from ordinary Tasmanians that there are areas where they feel councils could significantly improve how they serve local communities, particularly when it comes to management of roads and other key infrastructure assets. Tasmanians' overall assessment of how well councils serve their local area showed that 30 per cent had a positive view, 50 per cent were neutral, and 20 per cent had a negative view of performance, with more people in rural and remote communities not feeling as though their council was doing a good job.

Our research also shows Tasmanians value local services but are more concerned about their quality rather than who provides them. 80 per cent of Tasmanians indicated they did not mind which level of government delivered their local services.

In summary, at the conclusion of Stage 2 the Board remains convinced that achieving greater scale is essential to unlocking and building improved – and more consistent – capability across the Tasmanian local government sector.

As we said in our Options Paper, if this 'joining up' is well designed, planned, and properly supported by the State Government we think the sector can improve the overall quality and range of services it provides to Tasmania. Further, it should be able to act as a more effective partner to support a range of important social, economic, and environmental outcomes.

We briefly discuss the reaction to our three pathways below, before laying out a version of the 'hybrid' approach we think has the best potential to deliver the outcomes needed.

Structural Reform Futures – Tasmanian Community Sentiment Survey

In February 2023, the Board commissioned the University of Newcastle to conduct a sentiment survey of 1,000 Tasmanians to understand their views on some of the 'big questions' about how they see local government working now, and into the future. The sampling approach that the University of Newcastle used means we can have a high level of confidence that the responses we received are representative of the views of the broader Tasmanian population, across existing LGAs.

As part of the survey, Tasmanians were asked the following questions about structural reform:

- "How well does your local council serve your local area?"
- "Thinking forward 20 to 30 years, if there was no change to how councils work, do you think that things would get better, worse, or stay about the same? And why do you say that?"
- "Thinking about your needs and the needs of your family and community over the next 20 to 30 years, do you agree or disagree with the following statement: "Local councils in Tasmania should share more services across regions or state wide." And why do you say that?"
- "Tasmania has 29 councils. Do you think that is too many, too few, or about right? And why do you say that?"

The answers we received indicate that:

- Views on current council performance are generally split 30 per cent positive, 50 per cent neutral, and 20 per cent negative. People living in rural and remote council areas are more likely to have a negative assessment of council performance, particularly when it comes to infrastructure and financial management.
- With no change to Tasmania's system of local government, only 14 per cent of Tasmanians feel as though things will get better, and almost half believe they will get worse. The main reasons for this pessimism included councils and councillors not being appropriately equipped to be 'forward thinking' and manage future issues, including challenges with population growth and ageing;
- Over 80 per cent of Tasmanians support councils sharing more services across regions or state-wide; and
- More than half of all Tasmanians think we have too many councils currently. The reasons people give for thinking we have too many councils include that our population is too small, it is too expensive and fewer councils would be more efficient, and that we should have council consolidation or greater resource sharing. Only around 30 per cent think the current number is 'about right'.

The results of the full survey can be found in the University of Newcastle's report, which is available of on the Future of Local Government Review website [link].

Structural Reform Pathways - Sector and Community Reactions

For nine weeks after the release of our Options Paper, the Board invited written and online survey submissions on the reform options, including the three structural pathways. We summarise below what we heard across submissions from communities, councils, and peak bodies and organisations.

During February 2023, we also held a series of online and face to face regional meetings with communities to discuss our structural reform pathways. Appendix 2 contains a summary report on these meetings.

What we heard from communities

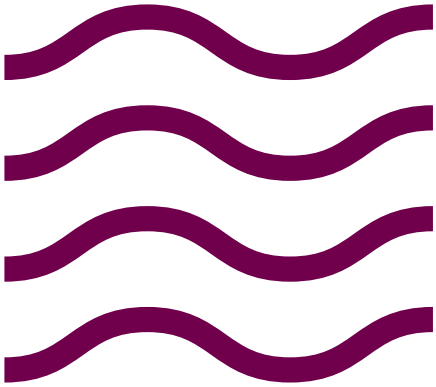
It was clear that some people who participated in the Stage 2 engagement are concerned about the potential negative impacts of any major structural change. Community members in rural and regional areas in particular are worried about being consumed by existing larger urban councils which they felt would not understand or value the contributions of their local communities. We respond to these concerns directly in the next section.

Notwithstanding these broad concerns, of the models presented, most written submissions from the public supported either boundary consolidation to achieve fewer, larger councils and / or a 'hybrid' model combining service consolidation with boundary reform.

Those who supported Pathway 2, boundary consolidation to achieve fewer, larger councils often cited the issues and inefficiencies that naturally occur with having 29 councils serving a relatively small population. Benefits identified included allowing councils to 'scale up' to deliver better services for communities, more effective strategic regional planning, providing a more powerful voice when advocating to the State or Federal Government on behalf of communities.

Those supporting Pathway 3, (the 'hybrid' model) broadly identified the need for fewer, more capable councils in Tasmania, but not at the cost of losing local identity and voice. Those who support this pathway argue that it allows a 'tailored approach' to structural reform – this means creating bigger councils that preserve and realign unique rural and urban communities of interest, while still allowing them to collaborate on shared issues and priorities.

We have also heard from a small number of voices that, while conceding that structural reform is needed, they are opposed to any forced amalgamations of councils. A number of these have noted the need to identify and articulate the benefits of consolidation, then have open and informative discussions with councils and communities.



What we heard from councils

The Board received submissions from 26 councils.

At a high level, most councils believe reform Pathway 3 - a 'hybrid' model - is the best pathway for structural reform. We have heard broad acknowledgement the existing structure of our system of local government needs to better reflect the significant changes since the last reform efforts to how we live and work, so that our councils can better address the issues and opportunities that will face us over the next 30 years.

Sentiments were largely similar to what we heard from the public – existing council boundaries could be changed to better reflect contemporary Tasmanian communities but need to be carefully designed and delivered through an approach that considers local circumstances and manages and supports the transition process.

We also heard from a smaller number of councils that while they remain open to reform, they wish to see more detail on the Board's specific approach to consolidation, including how their communities will be impacted. Interestingly, only two councils identified that they are strongly opposed to any structural reform whatsoever.

Two councils - Devonport and Waratah-Wynyard - expressed support for Pathway 2, boundary consolidation, noting their desire to elevate the reform discussion from self-preservation to what is in the best interests of all of Tasmania. These councils have provided the Board with detailed views and proposals on scaling up. Another two councils, Kentish and Latrobe, also expressed a willingness (albeit only if the Board deems it necessary) to discuss voluntary consolidation. Launceston City Council provided a detailed submission on the need for structural change including a hybrid approach to boundary consolidation and shared services in its submission to Stage 1 of the Review.

What we heard from organisations and peak bodies

The Board received 21 submissions from peak bodies and organisations, covering both the specific reform options and structural pathways. While many submissions focused specifically on their areas of expertise and interest (such as wellbeing, road management, housing, waste management, planning etc.), there was, again, a broad acknowledgement and acceptance that some form of structural reform is needed to build the capability of councils to better deliver outcomes across these areas. But again, there was a view this change needed to be delivered through a sensitive tailored approach, considerate of local nuances.

An area of key concern for many organisations and peak bodies is the potential removal of statutory planning decisions from councils, although it was still broadly accepted that the role of councillors as both a planning authority and community representative needs to be reviewed to reduce potential (and actual) conflicts of interest and polarising debates around a small number of controversial development applications.

We also received submissions from a small number of organisations expressing opposition to forced amalgamations, claiming this will inevitably result in job losses from the sector.

Responding to Community Concerns: The Board's Approach to Managing Structural Change

During our Stage 2 engagement, the Board heard some consistent concerns and resistance to the idea of structural change generally, and council boundary consolidation specifically. These included fears from councils and communities about the loss of:

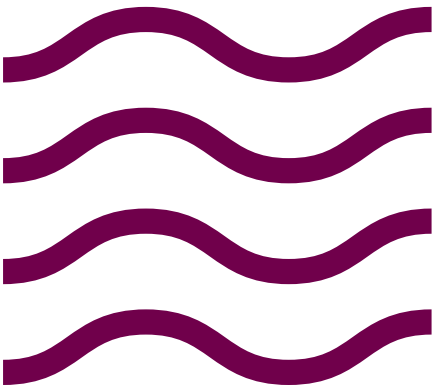
- local jobs and service presence outside major cities and townships as a result of 'cost cutting' and rationalisation;
- local voice and access to elected representatives who genuinely understand the local area; and
- local identity and community cohesion, particularly where rural councils are simply 'eaten up' or 'bolted onto' urban councils, but also where rural councils with incompatible interests or cultures are put together.

Other questions and concerns we heard frequently centred around the management of the transition processes to a new future structure, including how:

- transition is funded, and who pays (is it the State Government or councils themselves?);
- assets and liabilities (including cash holdings) are equitably distributed from existing councils to any new entities; and
- rates and charges are set for new councils, and how the transition is managed if rates go up for certain communities (even where this is to fund better or a wider range of services).

Finally, the Board heard there was scepticism about council consolidation based on unsuccessful or poorly implemented amalgamation processes in other states. Examples of moves elsewhere to 'de-amalgamate' were cited as evidence that creating larger councils does not always work.

All these concerns are valid. Communities are right to be wary of big changes, and naturally worry about what they stand to lose in any reform process. As a Board, we are committed to fully understanding these areas of concern, so that we can address the issues head-on and pro-actively manage them as part of the design process. Below, we explain the core guiding principles and approach we will be applying to the design of any change proposal (and supporting transition arrangements) to the Government in our Final Report at the end of Stage 3.



De-amalgamation – Recent Experience and Lessons for Tasmania

We have heard concerns that council consolidations often end up in costly, disruptive de-amalgamation.

This is not the case. Despite some prominent de-amalgamations in NSW and Queensland in recent years, the vast majority of merged councils have not sought to revert to their former status.

Between 1990 and 2023, there has been an overall reduction of 311 local government areas across Australia. Only five de-amalgamations have occurred over this time. When mergers have been unpopular, commentators have concluded that in most cases dissatisfaction arises not from the consolidation itself, but rather from the process. As one affected Victorian mayor noted, following mergers in Victoria, "the debate is not whether amalgamations should have happened. It's about the way it happened."

While de-amalgamations account for only a very small percentage of cases, we understand that poorly designed and managed consolidation processes are costly, impacting communities, individuals, and councils. That is why we have reflected deeply on earlier reform efforts and are determined to pursue a better pathway.

Having looked closely at these de-mergers and other unsuccessful reform efforts, a number of lessons can be drawn.

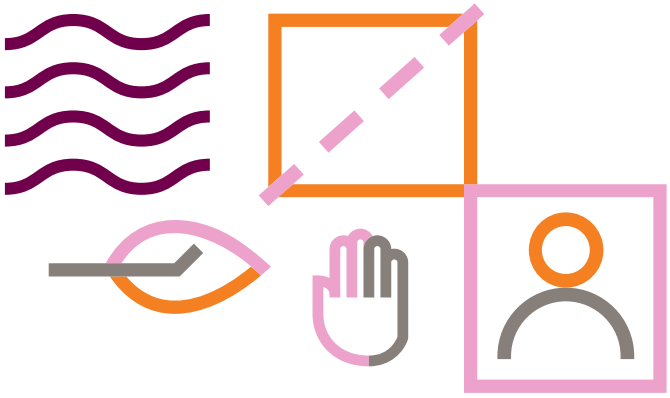
De-amalgamations have tended to be the result of:

- Rushed reform timeframes that compromise the integrity of the process, leading to insufficient consultation and analysis, and contributing to uncertainty in the community and sector;
- a preoccupation with increasing the "size and scale" without making a clear case about how this will benefit communities;
- perceived inconsistency and a lack of transparency around the intentions and methods of the review;
- apparent policy reversals by state governments, ignoring earlier commitments of review recommendations;
- too much emphasis placed on financial and cost savings, ignoring other factors important to communities;
- no strong shared sense of community in amalgamated councils; and
- inadequate transition management and cultural change.

Inevitably, these failings have led to strong opposition from communities and the sector.

How the Board is working to deliver successful reform with these lessons in mind:

- Rather than a narrow focus on cost savings or financial efficiency, the Review began with a 'first principles' approach, seeking to establish how local governments could best serve their communities into the future;
- This has resulted in recognition that there is no ideal one-size-fits-all model. Successful reform requires an individualised and 'place-based' focus on distinctive community needs, with an emphasis on both 'economies of scope' and scale;
- The Review has, at all stages, sought to develop a shared vision, seeking out and listening to community and sector perspectives, providing extensive opportunities for community engagement;



- Transparency and openness in communication has been (and will continue to be) a key goal of the Review;
- Structural reform recommendations will be developed as a means to ensure councils can continue to support the communities they serve into the future, and not an end in themselves. Other reform options, such as implementing a workforce development strategy and increasing support for the implementation of revised regulatory processes, are considered equally important and will not be sidelined;
- Final recommendations for any proposed structural changes will be developed collaboratively (although, once agreed, implementation will need to mandated); and
- These recommendations will be accompanied by a comprehensive transition plan, recognising the importance of careful and considered change management.

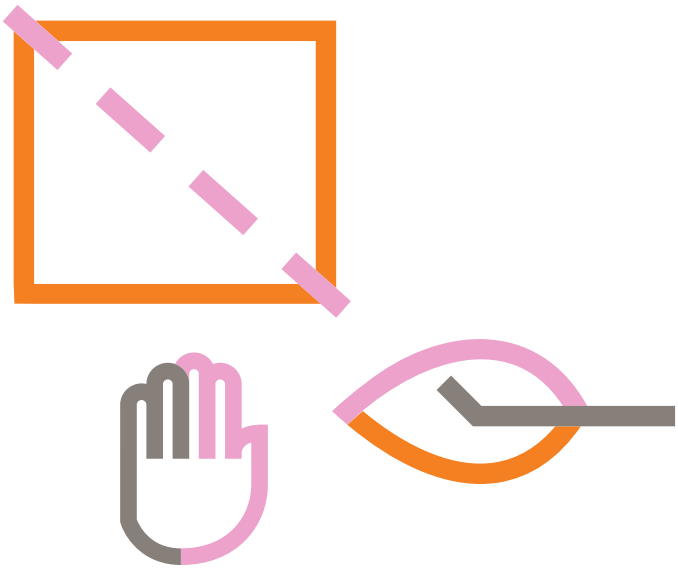
In 1993, Tasmania reduced its number of local governments from 46 to 29. In our extensive consultation there has not been any significant feedback to suggest that those reforms should not have occurred or that Tasmania now needs more councils again – on the contrary, we have heard widespread agreement that the status quo is no longer fit for purpose. Australian and Tasmanian local government boundaries have changed many times over the past 150 years to reflect changes in populations, technologies, and community priorities. We believe that such change is once again required here to ensure that councils can continue for serve the next generation of Tasmanians.

1. A focus on future community needs

'Traditional' council amalgamation approaches in other jurisdictions have tended to adopt an efficiency and financial sustainability lens, by looking at the historical performance of existing councils to identify candidates for amalgamation. While most amalgamations have ultimately endured, our research shows these types of processes can be unnecessarily acrimonious, divisive, and leave some (typically smaller rural) communities feeling ignored.

We are deliberately adopting a different approach that starts by looking at the current and future needs of local communities. This means not being bound to current council boundaries as the basis for future structures. We are in essence asking the Tasmanian community to adopt, at least in the first instance, a 'clean sheet of paper' approach to thinking about the overall future design of local government in this State.

Of course, efficiency, effectiveness, and sustainability must remain essential drivers for structural reform. But we think these need to be secondary considerations , after first considering how we might build councils that align with and support cohesive communities of interest.



2. Retaining jobs and service delivery locally

From the outset of the Review, the Board has said that the future prosperity of Tasmania relies on the strength and resilience of its local communities and, by extension, its councils. We also understand the importance of local government as a major employer, particularly in small, rural communities.

This Review presents a genuine opportunity to enhance councils' role as an employer, creating more supportive and rewarding environments for Tasmania's dedicated local government employees. Our view is that we need to design a package of reforms which build capability and capacity in the local government sector and communities more broadly, and will not come at the expense of local jobs or service delivery.

The Board has heard from stakeholders, including council staff, that structural reform, if done right, will deliver benefits for existing and future local government employees. For example, we heard from staff at Central Coast Council that structural reform could lead to more diverse career paths within the sector and improve the ability to attract desired skillsets. We also heard larger councils would naturally have larger departments and teams, and in turn, more support for staff. These sentiments were shared across our community meetings with council employees, and other submissions. In fact, 81 per cent of 157 council employees surveyed by the Australian Services Union said they would work for an amalgamated council, and 65 per cent of 232 council staff surveyed by LG Professionals agreed there needs to be structural reform of local government in Tasmania[2].

2 https://www.futurelocal.tas.gov.au/wp-content/uploads/2022/07/Local-Government-Professionals-Tasmania-Survey-Results.pdf

The Board believes the design of our reforms will ensure there is no loss of jobs and services from local areas – consolidation does not need to come at the cost of local employment and, indeed, could actually enhance it. The local government sector is already relying on a strained and stretched workforce – it has been pointed out there is no reason why a reduction of council employees would be necessary in any reform, let alone one that, at its core, is about building a robust system of local government for the decades ahead.

We can look to the 1993 local government reforms where, instead of the 'mass job losses' some had expected, what was actually delivered was increased capacity through employment of a greater range of professional staff[3]. This is because councils at their core, were and are still focused on delivery of services to local communities.

Tasmania has changed significantly since 1993. Our population has grown and is dispersed differently. Our roads are better, our vehicles are more efficient, our technology enables us to communicate and work remotely. The suggestion that building scale through boundary consolidation will naturally come at the cost of local jobs and communities does not stack up – depots and shop fronts do not need to close or relocate to a central location, and staff can (and want to) utilise flexible working arrangements to suit their needs. A key lesson from COVID 19 is that teams can be formed from people working remotely. This trend continues despite the reduced risks from COVID-19. Understanding how remote and flexible working arrangements can improve regional employment will be a key area of enquiry for the Board in Stage 3 of the review.

3. Preserving and Enhancing Local Voice

The Board is committed to enhancing the ability of Tasmanians to participate in and contribute to decision making in their communities, as well as building the ability of our council's to effectively listen to and consider local voices in shaping their communities. The Board believes councils have an important role in representing their communities in partnerships with other tiers of government, which highlights the need for systematic community engagement.

While we have heard that those who live in smaller councils feel they have better access to elected officials, this is only one aspect of community representation and engagement. Through the engagement and research undertaken during the Review, we have identified that effective community representation can and should be achieved through robust community engagement and good governance, while still leveraging the local knowledge inherently available to councils.

Larger councils typically have greater capability and are better resourced to undertake inclusive, systematic, and sustained community engagement to ensure local voices are heard. Under the status quo, many of our councils simply don't have the resources to deliver meaningful opportunities for their communities to be genuinely involved in decision making – councils have told us that community engagement is "something we can do better".

3 Tilley, I and Dollery, B, "Historical Evolution of Local Government Amalgamation in Victoria, Tasmania and South Australia", (2010), Working Paper Series, Centre for Local Government, University of New England, March 2010. https://www.une.edu.au/__data/assets/pdf_file/0019/17470/01-2010.pdf

Research undertaken by UTAS for the Review[4] highlighted how broad citizen involvement in local government has a wide variety of benefits including:

- strengthening local democracy, trust and accountability;
- enhancing social capital and inclusion;
- improving outcomes by increasing constructive community dialogue and the raising of unanticipated issues; and
- improving community understanding of issues, challenges, and potential solutions.

Effective community engagement strengthens opportunities for more equal representation, allowing input from those with diverse knowledge and lived experience. Better reflecting the priorities of all community members who live in an LGA is needed now more than ever, as our communities grow more diverse, and face a broader set of issues and challenges. Enhancing local voice also helps build trust in government and the broader process of democratic renewal. This is especially critical for people in our communities who may face challenges or barriers in participating in public discussions.

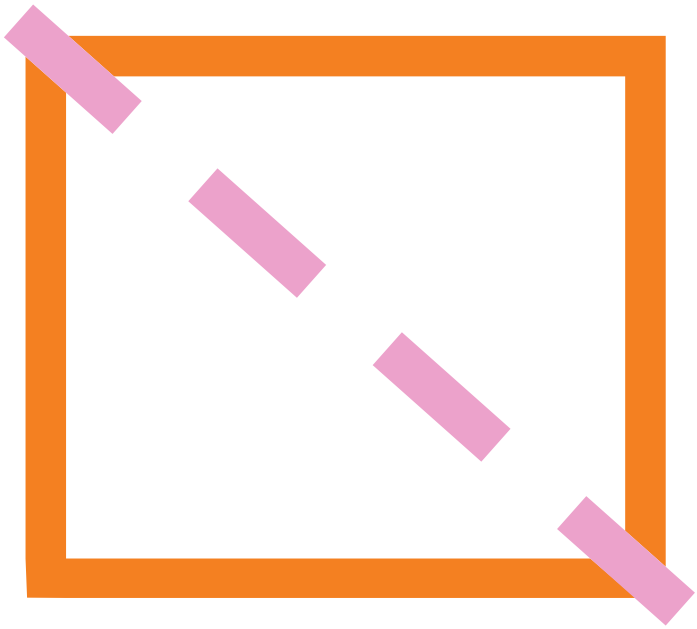
Scaling up our councils will enhance their capacity to effectively represent their communities.

4. Smoothing Financial Impacts for Communities

Clearly, any major structural change will need to be accompanied by significant design work around how new councils are funded. This could mean changes to the operation and application of rating and grant/transfer models. Inevitably, any changes would flow through to the community in terms of how the rating burden is distributed. Depending on the scale of changes, transition to new arrangements may need to extend over a period of time.

The Board also recognises that funding arrangements should reflect the distinctive needs and circumstances of regional and rural councils.

Whatever funding arrangements are put in place to support a new structural model, the Board believes they should be fundamentally underpinned by the principles of efficiency, simplicity, fairness, and transparency.



4 Tasmanian Policy Exchange (2022). Place Shaping and the Future Role of Local Government in Tasmania: Evidence and Options: Future of Local Government Review Background Research Paper No.3. Research report prepared for the Future of Local Government Review, https://www.futurelocal.tas.gov.au/wp-content/uploads/2022/06/FoLGR-UTas-Paper-3-Place-shaping-and-the-future-role-of-local-government-in-Tasmania.pdf

5. Dedicated and Appropriate Resourcing for the Transition

To be successful, the transition to a new system of local government in Tasmania must be properly planned, resourced, and professionally managed. Experience in other jurisdictions shows us we need to be up front and realistic with the community: transition processes and the equitable management of existing council debt and capital outlays are likely to be complex, and transition costs may require significant investment from the State Government.

A central part of this resourcing effort will need to be investment by the State and councils in dedicated project management and coordination. The Board will need to consider what this support looks like (including, potentially, the governance and resourcing of a central structural transition team within the State Government) in Stage 3, as it develops and refines its structural reform recommendations.

It is crucial that any consolidation process does not simply result in one council or LGA being subsumed by another. Communities coming together in new LGAs need to have a shared sense of ownership in their new councils. This will likely mean creating entirely new council identities, with fresh elections as soon as possible once the necessary legislative and administrative structures have been established.

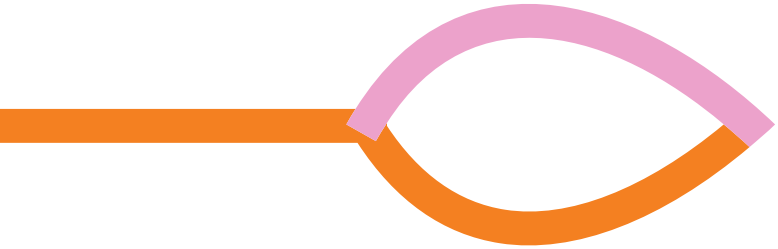
Successful transition also takes time and should not be rushed – a fundamental redesign of the local government sector of the kind being contemplated in Stage 3 would likely need to be staged over an extended period – something the Board continues to contemplate.

Moving Forward on a Structural Reform Pathway – Explaining the Board's Preferred 'Hybrid' Model

Having carefully considered sector and community feedback on the three structural reform pathways, in Stage 3 the Board will be moving forward with further developing a version of the 'hybrid' approach.

The Board has made this decision based on the following assessment:

- The scope, scale, and sheer complexity of implementing mandatory shared services arrangements to serve the current 29 local government areas makes it an untenable and unpopular option. Even if it were technically feasible, the Board is not convinced adapting the design of any future consolidation model to the 29 LGA system is desirable or logical. We believe to do so would also be a wasted opportunity to reshape boundaries to better reflect the demographic, economic and environmental realties of Tasmania in the 21st century (we discuss our views on this topic in more detail in Section 3).
- Building new Tasmanian councils of a scale that would make any shared services unnecessary would likely result in an unacceptable trade-off in terms of local representation, voice, and service responsiveness/tailoring. In this scenario, councils would likely need to be so large as to serve entire regions, which we believe undermines the localism that we have heard is so central to the sector and to communities.
- Some combination of council boundary consolidation and shared services arrangements between new, larger, and more capable councils is the only pathway that provides the requisite flexibility to deliver necessary scale on the one hand, while still being able to create councils which meet the unique and diverse needs of local communities (particularly our rural and regional communities).



As we noted above, there is broad, in-principle support across the sector and the community for some form of hybrid approach (assuming transition is well managed and local community circumstances can be accommodated). However, the 'hybrid' pathway takes in an extremely broad continuum of potential approaches and 'mixtures' of boundary consolidation and mandated service sharing.

Some interpreted the hybrid model as potentially comprising only minor boundary adjustments with a much more comprehensive system of regional or state-wide service sharing for a broad range of functions, while others saw it as comprising major boundary consolidation with a limited range of services delivered through formal sharing arrangements. This is understandable and entirely legitimate, because the pathway as it was presented in the Options Paper was at a very high level and can, in theory, accommodate both these models.

Given this, the Board believes it needs to define the broad principles and parameters more precisely for the type of hybrid model it believes will best serve Tasmanian communities. We explain our current thinking in further detail in the next section of this Report.

However, in broad terms, the Board believes any hybrid model must:

- **Involve significant, mandated changes to existing council boundaries to create a smaller number of larger, more capable councils.** The total number of LGAs in Tasmania would be substantially reduced, but with boundaries drawn to reflect genuine communities of interest. In this scenario, most councils (particularly those with larger urban centres) should be of a sufficient scale to provide most core services and functions on a 'standalone' basis.
- **Provide flexibility to apply for different approaches to designing new councils that serve urban and rural communities, respectively.** This may mean, for example, scaling up our urban councils while preserving some smaller rural LGAs. In short, our future structure needs to be able to accommodate the (often very different) needs and circumstances of urban and rural communities – one size cannot fit all.
- **See the mandating of some shared services, but only for a relatively narrow range of services or functions.** This would not preclude further voluntary collaboration and service sharing between councils in areas of mutual interest or benefit. In fact, the Board also wants to explore how it can reduce barriers to allow more effective voluntary shared service arrangements. However, many potential mandated service sharing options would be contingent on new LGA boundaries and councils.

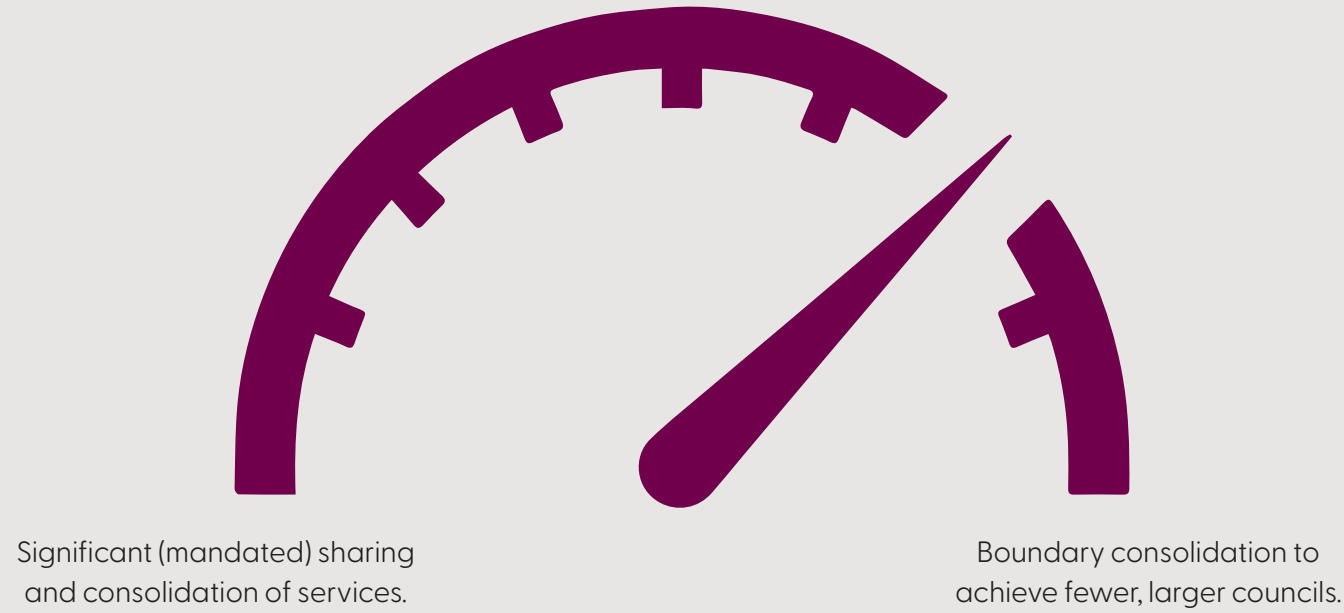


Figure 5 –The Board's preferred approach to a 'hybrid' option anticipates more scale benefit from boundary consolidation than service sharing

As we said in our Options Paper, the solution to addressing the issues of scale is unlikely to be found through minor modifications to the current model of local government. It is almost certain system-wide reform will be required. This means redesigning Tasmania's system of local government to ensure councils in the future have the requisite scale, resources, capability, and capacity to deliver on their critical functions.

We believe a well-considered structural reform package - underpinned by a program to explore consolidation of existing councils into new, larger local government areas that best support Tasmanian communities - represents the best pathway for delivering the future capability we think will be necessary to meet the future needs of our local communities.

In the next section we further explain our proposed approach to identifying genuine communities of interest that can be used to build our future councils around.

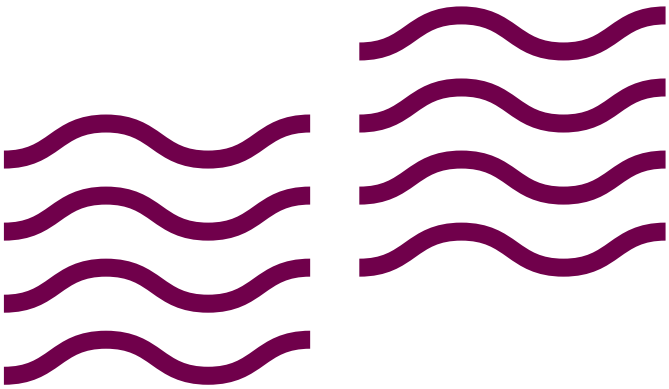
3. **Consolidating around Communities** – Building Cohesive, Strong, and Sustainable Future Councils

In Stage 3 of the Review, the Board wants to have a community conversation about sensible local government structural change proposals Tasmanians can support because they reflect and seek to strengthen genuine communities of interest. By 'communities of interest' we mean groups of Tasmanians whose common needs, geography, and connections to one another provide a logical scale for local governance.

We will do this by adopting what we are calling a 'community-centred consolidation' approach. This simply means looking at how new LGAs might evolve, develop, and shift from our existing council map to reflect how our local communities live and work, rather than trying to simply push two or more existing council areas together.

A community-centred consolidation approach starts with an understanding of how unique and diverse local Tasmanian communities operate and interact now, and how they are likely to evolve in the future based on expected trends. By understanding the economic, cultural, and geographical relationships between our places, we can start to develop future council boundaries at an appropriate scale, but which are also underpinned by a strong shared sense of community identity.

Once we have a good understanding of these things, we can shift our focus to the task of designing the necessary governance, funding and other supports needed to build new, community-focused future councils.



Tasmania has changed dramatically in 30 years

In building our understanding of how Tasmanian communities are evolving, it is also important to recognise how Tasmanian communities have changed since the last major round of local government reform in 1993. Overall, the last 30 years have seen patterns of settlement, commuting, and employment change significantly.

Major demographic changes have also taken place: the median age in Tasmania today is 42, eight years older than in 1993, and our population has grown by almost 100,000 people, with the majority settling either in urban areas or in nearby 'lifestyle' locations. Tasmania is also far more multicultural and diverse than in 1993. Thousands of new arrivals from countries like Nepal and India have enriched our cultural life and contributed to shifts in community-level preferences, needs, and aspirations.

Major new urban areas have developed, improved roads have reduced travel times, and the internet has revolutionised many aspects of the way people live and work. There is no reason to believe that council boundaries, which may have been relevant thirty years ago, are necessarily still relevant today.

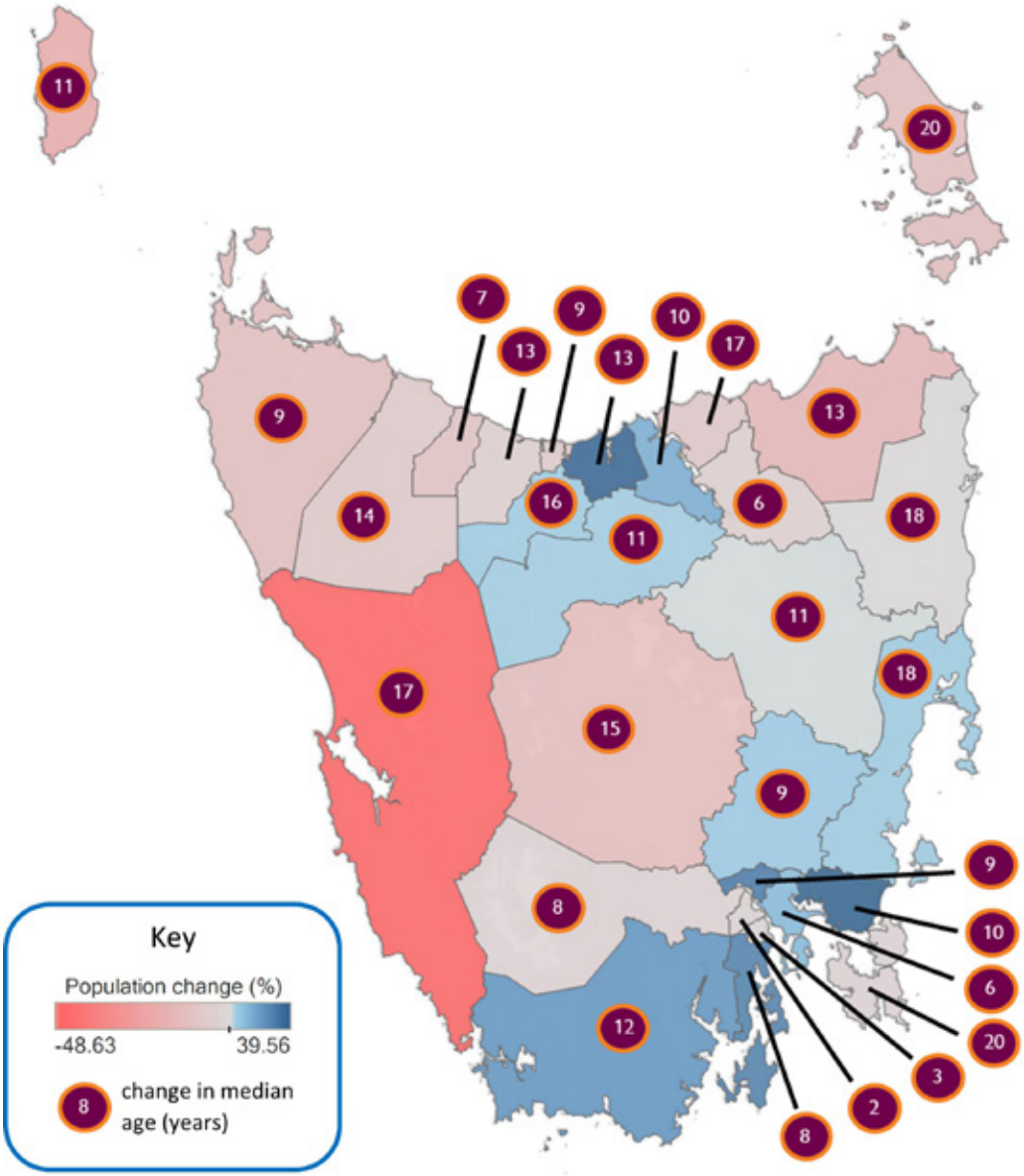
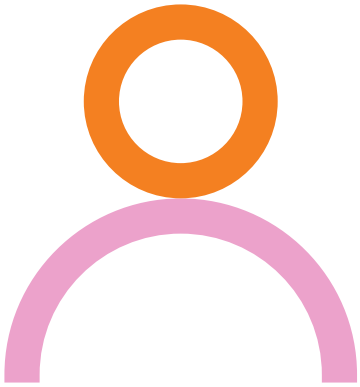


Figure 6 – Tasmania: then and now – average age and population changes since 1993

Foundations and Criteria for Structural Boundary Reform

With the above trajectory of Tasmanian communities in mind, in this section we briefly explain how the Board intends to, firstly, define a 'community of interest' and then, secondly, how we go about building structural reforms around them. There are two main elements to this process, and to help explain our approach the Board has developed the following:

- **Foundations for Structural Reform** (see Table 2) – this is the set of principles the Board is using to guide its overall approach to designing and considering structural reform proposals. Effectively, the Foundations are a core set of beliefs or policy prescriptions about how we think we should be approaching the consolidation of our current councils into larger, more capable entities.
- **Criteria for Community-Centred Consolidation Proposals** (see Table 3 below) – these are the key elements that we need to assess and understand as we look to identify communities that could be served by larger, more capable councils. The primary criteria are all about making sure we understand places and communities, while the secondary criteria focus on the core features and capabilities (including financial and organisational capacity) we believe any future council would need.



Defining 'Communities of Interest'

The Board has heard how Tasmanian communities have changed significantly. The ways in which we live, work and socialise have been transformed over the past generation and we are an increasingly multicultural and diverse society. These significant social, demographic and technological changes clearly have implications for the scale and organisation of local government.

Research conducted for the Review has highlighted how local government has evolved as the communities it serves have changed. When, in the late 19th century, towns were isolated and had to be relatively self-sufficient, Tasmania was governed by an estimated 366 local authorities of various kinds.

However, the increasing mobility and connectedness of modern-day Tasmanians means that such divisions no longer represent communities of interest. But what exactly is a community of interest?

The term 'community of interest' is widely used but seldom defined. Perhaps the most common and useful definition comes from the California Constitution: "A community of interest is a contiguous population which shares common social and economic interests that should be included within a single district for purposes of its effective and fair representation."

In other words, a group of people whose common needs, geography, and connections to one another provide a logical scale for local governance.

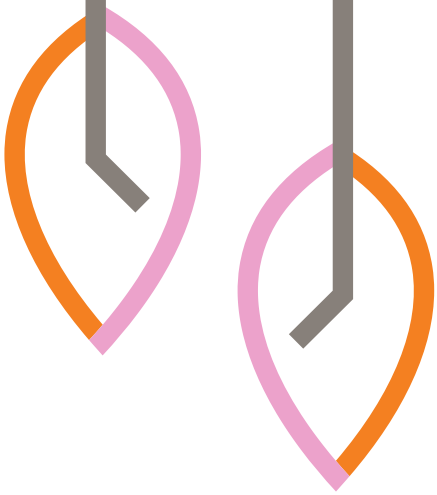
Of course, this can be interpreted in a wide variety of ways according to different ideas about community itself. Some communities may be based on geography, while others are based on wider social, professional, and economic connections. In an age of instantaneous digital communication and online networks, some communities even span the globe.

Despite this variety, the Board believes that connections to local physical space remain crucial to Tasmanians' lives and sense of identity. For this reason, we think that discussions about the future scale and organisation of councils should be organised around the places in which Tasmanians live their day-to-day lives and in which business and local governments interact, purchase, and provide goods and services. Another way in which a community can be defined is in terms of the local area in which residents live, work, and go about their daily lives - this approach is based on the Productivity Commission's method for establishing 'functional economic regions'.[5]

5 see Transitioning Regional Economies (2017) p. 5 https://www.pc.gov.au/inquiries/completed/transitioning-regions/report/transitioning-regions-report.pdf

Community	· Local government areas work best when they are inclusive with strong social connections, and a shared sense of place. · Strong community alignment makes local representation and advocacy more effective and powerful. It also supports the efficient and equitable collection of revenue to fund consistent service types, with fewer inequitable cross-subsidies.
Capacity	· The capacity of councils to deliver a broader range of more sophisticated services increases with urbanisation, the organisational scale of the council, and the capacity of its residents to pay. These factors will typically determine the cost of homogenous services and the extent councils can invest in 'higher order' community amenities and services (i.e. beyond roads, waste, and community infrastructure/facilities). · Differences in service levels between urban and rural councils are an inherent feature of our system of local government and will remain so. These differences are not in themselves undesirable or inefficient, but they should be made transparent. · It is critical that small, regional, and other communities with many people experiencing disadvantage can and do receive an adequate and consistent agreed minimum service standard, including around infrastructure. It is more equitable and transparent to do this via deliberate and direct subsidisation (through the grants and transfers system) rather than establishing council boundaries which are intended to create internal cross-subsidisation.
Strategic	· Our future administrative boundaries should support broader state-wide policy imperatives, including deliberate and efficient management of population growth/decline and settlement patterns, land use planning and future regional land use strategies. · Subject to preserving and supporting communities of interest, council boundaries should maximise the self-sufficiency of councils, limiting the need for subsidisation by other spheres of government. · Future administrative boundaries can and should align with existing service demands and growth expectations of places, and need not necessarily correspond to existing council areas.
Workforce	· High-functioning rural local governments can and do operate successfully with regional or dispersed workforces and workforce hubs. · Appropriately dispersed regional workforces support an equitable level of localised service delivery, responsiveness and community wellbeing. · The size and distribution of the outdoor workforce is determined principally by the quantity, quality, and distribution of infrastructure assets, and not the location or scale of the administrative centre. · Irrespective of any structural change, as local government services become increasingly complex and professionalised, future workforces should continue to leverage technologies and new work practices in order to ensure access to scarce professional and technical workers and the services they provide to regional communities.

Table 2 Foundations for Structural Reform



		Criteria	Types of data sources
Primary criteria	**1. Place and Representation**	· Sense of place and alignment with local communities of interest · Established administrative, commercial and service hub/s · Defined natural/geographical region	· ABS Census (e.g. population, age, dwellings, commuting patterns, socio-economic indexes) · NCH Land Use · LIST Catchments · Productivity Commission functional economic regions[6]
	2. Future Needs and Priorities	· Demographic trends · Likely future service, infrastructure and land management needs · Emerging industries and ability to facilitate regional development · Strategic and regional planning · Capacity for whole of jurisdiction representation and engagement	· Treasury Population Projections · LIST Tasmanian Planning Scheme · Tasmanian Climate Risk Assessment (to be completed in 2024) · State and regional industry plans · Regional and Council Strategic Plans
Secondary criteria	**3. Financial Sustainability**	· Sustainability/diversity of revenue base · Operating result/position balance · Net financial liabilities · Working capital · Asset replacement/ renewal	· Office of Valuer General Valuations · Council Rate Resolutions · State Grants Commission Distributions · State Growth Roads and Bridges · Local Govt Consolidated Data Collection
	4. Operational Capability	· Service provision capacity · Quality and compatibility of administrative systems and infrastructure	· LIST Authority Land · Local Govt Consolidated Data Collection

Table 3: Community-Centred Consolidation – Criteria to Assess Proposals

6 https://www.pc.gov.au/inquiries/completed/transitioning-regions/report/transitioning-regions-report.pdf, p.5

Stage 3 consultation on council consolidation and shared service options

To promote a genuine and open conversation about future council boundaries and service sharing opportunities, the Board has developed a series of 'community catchment' maps that we believe represent contemporary (and future) communities of interest in Tasmania. We have developed these 'catchments' based on a range of data and insights about how Tasmanians live, work, shop, travel, and play.

The community catchment maps identify areas of inherent 'connectedness' of Tasmanian communities that transcend current council boundaries. They do not represent final (or even preliminary) boundary recommendations.

The maps have been developed with the assistance of the University of Tasmania by applying a set of foundational principles and criteria, and we think they will allow for discussions to develop about robust councils serving cohesive communities. We have proposed nine distinct 'community catchments' that will be used to organise region-level discussions about how well our existing LGAs represent communities of interest. These areas are based on analysis of commuting patterns, geographical connections between settlements, and population growth. A similar method was used by the Productivity Commission in 2017 to identify 'Functional Economic Regions' representing the daily movements and connections of local communities all around Australia.

The maps and the data considered largely reflect our first two criteria: Place and Representation; and Future Needs and Priorities. Operational Capability and Financial Sustainability are 'supporting' considerations that will be carefully considered during Stage 3.

In the maps below, areas of dark shading represent the areas with the clearest and strongest functional economic connections to one another. Other considerations include geographical and identity connections as well as common challenges or opportunities, such as population change, growth, demographic change, or economic and industrial development trajectories. The areas of lighter shading indicate places that exhibit only some of these connections.

Some councils subject to lightly shaded areas are identified as members of more than one map and associated consultation group due to their connection with more than one functional economic region (for example, Burnie, Brighton and parts of the Meander Valley). Other areas are included in regional consultation groups for geographical regions, recognising they have distinctive local identities and weaker functional connections, for example Flinders and King Islands.

The maps are intended to act as a catalyst for constructive, future-focused conversations with and between councils and communities about how we potentially could reorganise our local government boundaries at a larger scale to deliver stronger capability, while simultaneously supporting and enhancing community cohesion, voice, and sense of place.

Councils' important role in structural reform discussions

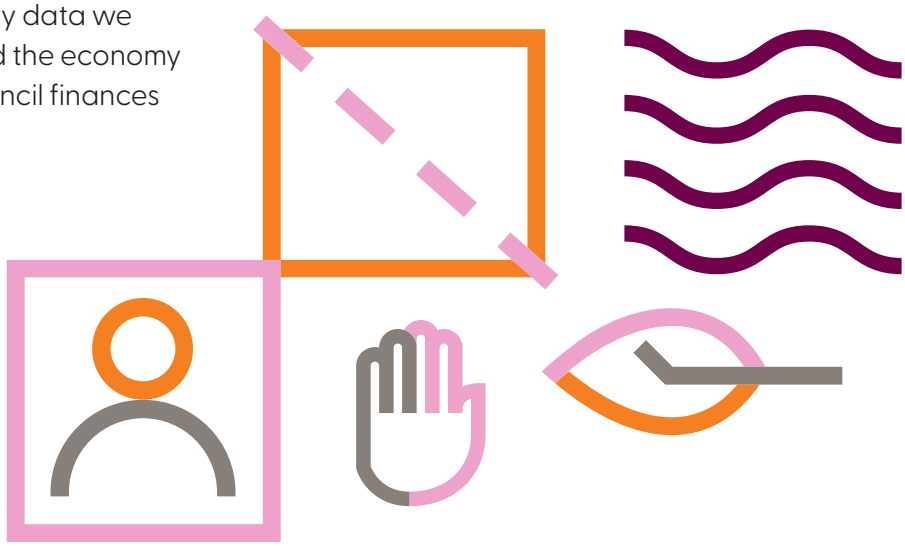
During Stage 3, we will invite the councils covered by each community catchment map to provide their views on the design of local government likely to deliver the best outcomes for their community catchments. This includes both ideal council boundaries, as well as opportunities for potential shared services initiatives.

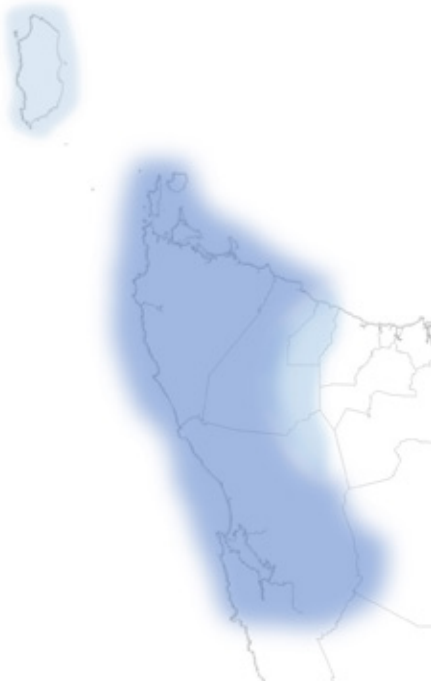
We want to talk with councils in detail about the financial, operational, community, and geographic factors that need to be considered in designing a council or councils that can effectively serve their community catchment. To prompt that discussion, the Board will also publish its own proposals showing how one or more councils in that catchment could service the identified community. We will also invite any proposals developed and agreed by groups of councils in a region which are consistent with our foundation principles, consolidation criteria and approach to the 'hybrid model'.

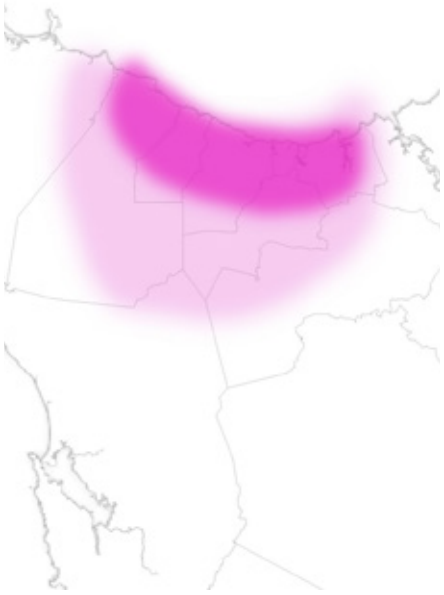
To support councils in this process, the Board will be compiling 'Information Packs' for each region. These will include information on Financial Sustainability and Operational Sustainability criteria. We will provide the summary data we have about people, geography, and the economy of the region, as well as existing council finances and operations.

Consistent with our approach to the Review to date, we will make these Information Packs public and invite public comments.

In Section 5, the Board sets out its process and indicative timeframe for engaging with councils and communities during Stage 3.

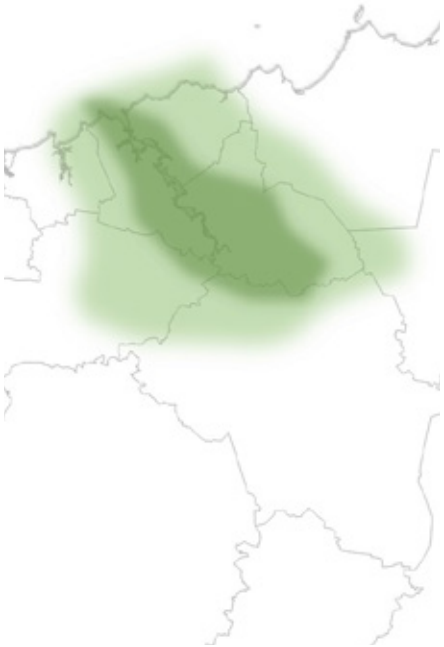


Western Community Catchment	
	Rationale and evidence
 **Western Consultation Group** West Coast, Waratah-Wynyard, Circular Head, King Island, Burnie	**Place and representation** Although a large and geographically dispersed area with significant distances between population centres, Western Tasmania has strong geographic, economic, and social connections. While tourism and service industries are emerging as important growth areas – notably clustered around the Tasmanian Wilderness World Heritage Area, the Tarkine, and new mountain biking trails – employment in this region remains driven primarily by resources and primary industries including mining, forestry, agriculture, and aquaculture. Western Tasmania's distinctive identity is captured in the innovative place-branding campaigns, which highlight the region's relative isolation, unique history and culture, and vast wilderness areas as well as its ongoing agricultural strength in the north. The smaller local areas that make up this region also already enjoy the benefits of strong regional coordination and collaboration through, for example, shared service arrangements and the Sustainable Murchison 2040 strategic planning initiative. This area will include the Tasmanian Government's first Regional Strategic Partnership. Western Tasmania faces a number of shared strategic opportunities and challenges in relation to potential energy and mining projects. Recent research from the University of Tasmania has highlighted the fact that the Western Tasmania region – and its mining centres in particular – hosts a very large number of drive-in/drive-out workers whose long-distance commuting patterns transcend existing local government boundaries and pose challenges to local government service provision. The result of this long-distance commuter movement is that the LGAs making up this region are actually considerably more closely connected than their geographical separation would suggest. **Future needs and priorities** Perhaps the most significant shared issue facing the Western Tasmania region is the combined challenge of population ageing and decline. While the State's population as a whole has increased by nearly 18 per cent since the mid-1990s, the Western Tasmania region has shrunk by 4.5 per cent. In some areas, population has decreased by up to 50 per cent. Over the same period, the median age of the LGAs that make up this has increased by between 10 and 16 years. Together, these trends present considerable risk to the region's long-term sustainability.

Cradle Coast Community Catchment	
	Rationale and evidence
 **Cradle Coast Consultation Group** Burnie, Central Coast, Devonport, Latrobe, Kentish, Waratah-Wynyard	**Place and representation** The Cradle Coast is the area between the arc of the state's central north coast and the natural borders of Cradle Mountain and the Central Plateau, stretching from Sisters Beach to Port Sorell. Some of Tasmania's most significant rivers – such as the Mersey, Leven and Emu – connect the Cradle highlands to the coast. While the Cradle Coast hosts several important regional centres – Wynyard, Burnie, Penguin, Ulverstone, and Devonport – analysis of resident movement data reveals that all are increasingly closely connected with one another. Residents of this area, connected by the Bass Highway, move frequently along the coast and its hinterland – close to 1000 workers commute between Burnie and Devonport daily. However, these connections are less clear in the broader Waratah-Wynyard and do not extend into the Meander Valley or the existing West Tamar LGA. The north-west coast more broadly has long had a strong sense of connection and shared identity based on common geography and a shared industrial base, driven historically by manufacturing. Reflecting this shared sense of purpose, a number of organisations, services, and businesses are already organised at a regional scale, including the Cradle Coast Authority and WNW Working, for example. While much of the western area of the Waratah-Wynyard LGA has more in common with Circular Head and the North-West Coast than the Cradle Coast per se, the township of Wynyard has relatively strong commuting connections with Burnie. For this reason, Waratah-Wynyard can make a valuable contribution to this consultation group. **Future needs and priorities** While the city of Burnie and the Latrobe area have bucked these trends to an extent, the broader Cradle Coast region faces considerable challenges associated with ageing and either slow population growth or even decline in some areas. Perhaps the most important trend shaping the future of this area, however, is a long-term decline in manufacturing employment. Across Tasmania, the share of the total population employed in the manufacturing sector has fallen by more than half since 1993, and even more precipitously on the Cradle Coast. The result of this change is that many smaller regional settlements that once hosted large and contained local manufacturing workforces are now more connected with the Coast's major population centres, particularly Burnie, Ulverstone, and Devonport.

Tamar Valley Community Catchment

Rationale and evidence



Tamar Valley Consultation Group

Launceston, West Tamar, George Town, Northern Midlands, Meander Valley

Place and representation

This grouping is primarily clustered around the Tamar Estuary, as well as its broader catchment zone, taking in the upper reaches of the North and South Esk rivers.

Launceston exerts a strong and wide-ranging pull as a regional employment and service centre, extending up both sides of the Tamar River and south to Longford, Perth, Evandale, and even the Hadspen/Carrick area. Currently, more residents of Longford, Perth, and Evandale commute to Launceston for work than stay in those communities (in other words, approximately 60 per cent of employed residents in these communities work in Launceston). Westbury has a strong commuter connection with Launceston (453 Westbury residents work in Launceston), but Deloraine does not (167 residents of Deloraine work in Launceston). These commuting connections also do not extend into the current Latrobe, Dorset, Break O'Day, or Central Highlands LGAs. The net result is that Greater Launceston is now a major service and employment centre for its broader region, and a large percentage of the residents of its surrounding LGAs travel there regularly, if not daily.

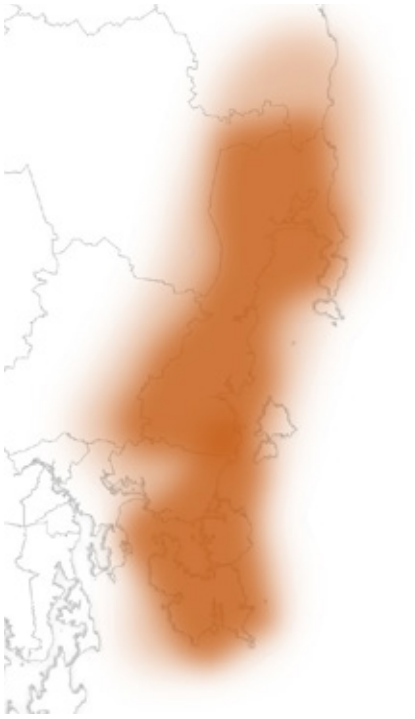
Geographically, George Town is part of the Tamar Regional Consultation group although, owing to its distinctive economic and industrial base, is to a much smaller extent within greater Launceston's commuting zone. Roughly 1450 people both live and work in George Town, while some 615, or around 20 per cent of the local population, live in George Town but commute to Launceston.

Existing regional collaboration on issues most relevant to local governments in this area occurs primarily through the Launceston City Deal framework and the Launceston Chamber of Commerce among other groups.

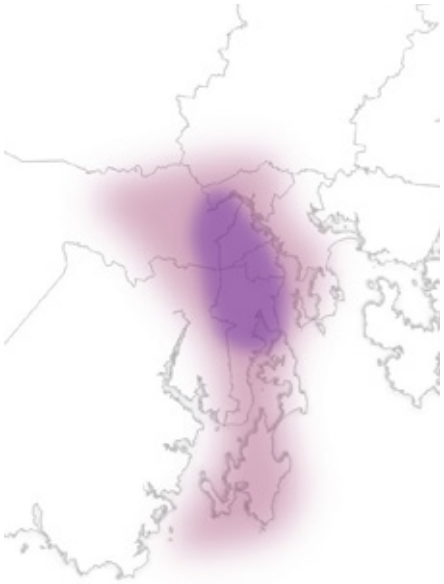
Future needs and priorities

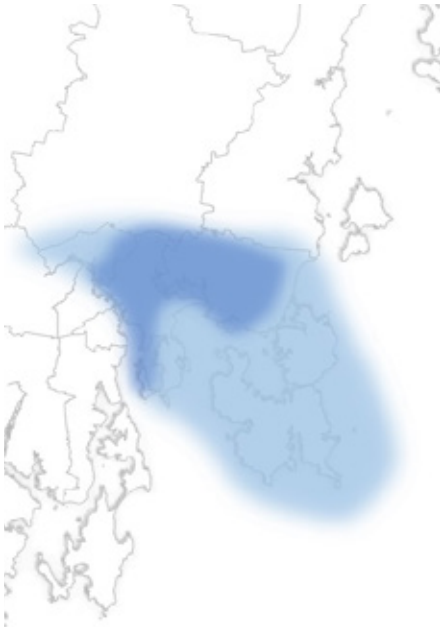
Over the past 15 years, it has become increasingly clear that parts of the West Tamar and Northern Midlands LGAs in particular have been evolving into 'satellite' commuter suburbs of Greater Launceston. The combination of the geography of the Tamar estuary with the frequency and scale of interaction between residents of this broader region suggests a strong community of interest. As noted above, this trajectory is also clearly evident in Longford, Perth and Evandale. The rapid growth and development in areas like Legana, Carrick, Hadspen, Dilston/Lilydale, Longford, Perth, St. Leonards, and Riverside provide compelling evidence that the connection of the wider Tamar Valley area to Launceston will only continue to grow in the coming decades.

North-East Community Catchment	
	Rationale and evidence
 North-East Consultation Group Dorset, Break O' Day, Flinders, George Town, Glamorgan-Spring Bay	**Place and representation** The North-East corner of Tasmania is predominantly agricultural but with several significant green energy and eco-tourism ventures, notably the Musselroe Bay and Cape Portland wind farms, the Blue Derby mountain bike trails, and a range of coastal holiday/tourist towns. While the sparse populations and large areas of these LGAs mean that their commuting connections are not quite as strong as for urban regions, the data clearly show that they are more closely connected to each other than to any other council areas. This relative isolation and shared geography also link these areas into a broader community of interest. While resident movement and identity links are not as strong between Flinders Island and Cape Barren Island and the mainland parts of this region, the importance of Bridport as a freight and transit link means that they would nevertheless be valuable contributors to the North-East Tasmania consultation group. **Future needs and priorities** This region faces a range of economic and demographic difficulties as well as important emerging opportunities. Like many of the state's more rural areas, the first of these is population ageing and also population decline in some areas. All four council areas in this consultation grouping are ageing more quickly than the state average and growing more slowly. These issues pose clear but not insurmountable challenges to the region's economic sustainability. They are compounded in many places by workforce shortages and high service provision costs arising from the small and dispersed nature of the region's population.

South-East Community Catchment	
	Rationale and evidence
 **South-East Consultation Group** Glamorgan-Spring Bay, Tasman, Sorell	**Place and representation** The southern parts of the East Coast region, from the Tasman Peninsula to Orford, are united by their commuting and resident movement connections to Sorell. The region has common economic structure focused on tourism, agriculture, and coastal living. While Tasman and Glamorgan-Spring Bay do not currently share a boundary, rural eastern Sorell arguably has more in common with Tasman and Glamorgan-Spring Bay than with the remainder of its current municipal area. For this reason, Sorell has been included as a member of this consultation group and the Eastern Shore group below. Important connections are evident in the other direction too: a significant number of residents of Sorell, Lewisham, Primrose Sands, Dodges Ferry, and Dunalley move frequently between the Sorell, Tasman, and Glamorgan-Spring Bay LGAs. While Tasman, Sorell, and Glamorgan-Spring Bay have reasonably strong commuting connections with each other, they exhibit only relatively weak employment or commuting links with more northerly parts of the East Coast. These communities already engage in regional collaboration via, for example, the Southern Tasmanian Councils Authority and the South East Regional Development Association. **Future needs and priorities** In recent years, Sorell has emerged as one of Tasmania's most important growth areas. The rapid expansion of residential development, mostly on greenfield subdivisions in the western part of Sorrell LGA, has brought both enormous economic opportunity and considerable growing pains to the broader region. Despite experiencing the most rapid population growth in the state since 1996 (just under 40 per cent) Sorell has also been ageing more quickly than the Tasmanian average. These changes mean that Sorell is increasingly becoming a key service and employment hub for much of the East Coast, while at the same time emerging as a booming 'satellite' commuter suburb of Hobart. It also has strong functional economic connections to the coastal and rural communities to the north and east, which face some of the economic and demographic difficulties of North-East Tasmania, particularly an ageing population ageing and workforce shortages.

Central and Midlands Community Catchment	
	Rationale and evidence
 Central and Midlands Consultation Group Central Highlands, Northern Midlands, Southern Midlands; Meander Valley, Derwent Valley, Brighton	**Place and representation** The broader midlands and central plateau area is a large and sparsely populated region whose economy is based on agriculture, tourism, and energy generation. While this grouping contains several geographically distant regional population centres, commuting and employment data indicate that these five council areas have much stronger commuting links with each other than with any of their neighbours. Both Brighton and New Norfolk in the South have significant employment and resident movement connections to the Central Highlands and Southern Midlands (as well as to greater Hobart), while Deloraine is an important regional hub for the Northern Midlands and the upper half of the Central Highlands. As well as their economic and industrial connections, the Midlands and Central Plateau have strong historical and cultural similarities represented in physical links such as the 'Tasmania's Heartland' road network and tourist route. **Future needs and priorities** While the Northern Midlands and Central Highlands continue to face service provision difficulties associated with population decline, other parts of this larger area are growing relatively strongly. In particular, Meander Valley, Southern Midlands, and Brighton have seen population growth above the state average in recent decades. Increasing agricultural productivity has also attracted major investment, including public investment in major irrigation infrastructure which, in combination with a temperature rise associated with global climate change, could drive further strong growth in this region's agriculture industry. The main challenge confronting the Central and Midlands region is its population growth is concentrated in areas like Brighton, Perth, Evandale, Longford, and Westbury, whose functional economic connections are to Hobart and Launceston rather than Central Tasmania.

Western Shore Community Catchment	
	Rationale and evidence
 **Western Shore Consultation Group** Hobart, Glenorchy, Brighton, Kingborough, Derwent Valley	**Place and representation** This community catchment takes in Brighton and the western shore of the Derwent River through North West Bay and down the D'Entrecasteaux Channel to Bruny Island. The dominant geographical features linking this region are kunanyi/Mount Wellington and the Derwent Estuary. This grouping represents a strong and cohesive economic community. While settlements like Kingston function as regional centres to an extent, this area is characterised predominantly by its very strong employment and commuting connections with central Hobart. As is the case with once-rural areas around Greater Launceston, large parts of the Channel are rapidly developing 'satellite' outer-suburban connections with Greater Hobart, presenting considerable challenges for strategic land use and infrastructure planning. The population growth and expanding urban footprint that have defined Greater Hobart in recent decades have steadily eroded the employment, identity, and cultural distinction between inner Hobart, the Northern Suburbs, Taroona, and Kingston. As a result, few residents of this greater urban area would today identify themselves as living in Glenorchy, Kingborough, or Brighton rather than Hobart. **Future needs and priorities** The existing Greater Hobart council areas, along with Clarence, enjoy some benefits of cooperation via mechanisms like the *Greater Hobart Act*. This integration has not yet mitigated urban and regional strategic planning trajectories leading to unmanageable urban sprawl and strained transit links. As this region's population continues to increase, and its functional economic connection to inner Hobart becomes ever more pronounced, it will be essential that growth and development can be managed in a more coherent way than has been the case to date.

Eastern Shore Community Catchment	
	Rationale and evidence
 **Eastern Shore Consultation Group** Clarence, Brighton, Sorell, Tasman	**Place and representation** This area is characterised by a rapidly expanding eastern growth corridor from Midway Point and Sorell up the Coal River Valley to Richmond and its surrounds. It has strong commuting links to central Hobart, primarily via the Tasman Bridge, but also the Bowen and Bridgewater Bridges. It is separated geographically from inner Hobart by the Derwent River, but the Eastern Shore also retains an element of cultural and identity differentiation too. In addition, the strong economic and employment links between Clarence and the Southern Beaches, Tasman Peninsula, and East Coast mean that the Eastern Shore has become an important economic and service centre in its own right. **Future needs and priorities** As noted above in the discussion of Sorell, the most important issue facing the Eastern Shore is the rapid pace of growth occurring across the region but in Sorell and Midway Point especially. Research from the University of Tasmania has also highlighted some of the opportunities and risks posed by this area's industrial mix. Clarence and Sorell in particular have experienced strong services sector growth in recent years, particularly in the retail trade and accommodation and food services industries. However, this emerging area of specialisation has also meant that this part of Tasmania was hit very hard by the COVID-19 economic downturn and is highly vulnerable to emerging trends in automation, offshoring, and artificial intelligence, highlighting the urgent need for sophisticated, coherent, and coordinated regional strategic planning and economic development policy.

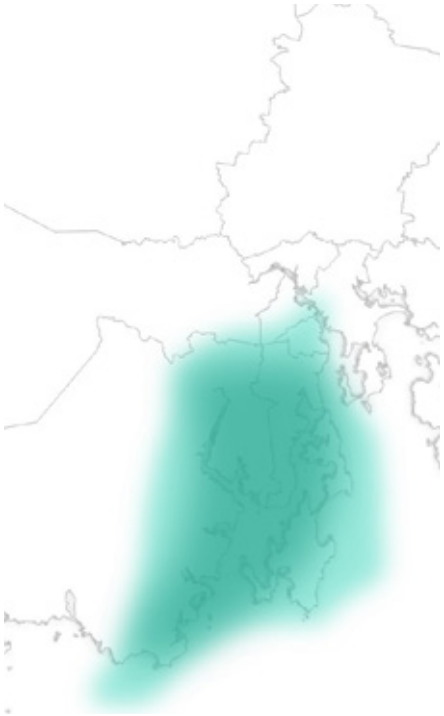
Southern Shore Community Catchment	
	Rationale and evidence
 **Southern Shore Consultation Group** Kingborough, Huon Valley, Hobart	**Place and representation** This region connects the rapidly expanding southern growth corridor through the Kingston and Huonville areas to the rural hinterland west of the Huon Valley. It is separated from Hobart area by the Wellington Mountain range to the north-east, and from the west by the Southern Ranges. Despite strong commuting links to Hobart, primarily via the Southern Outlet, the D'Entrecasteaux Channel and Huon Valley in particular are both culturally and demographically distinct from Greater Hobart. The combination of faster than average population ageing with very rapid recent population growth highlights the prominence of retirees, tree-changers, and sea-changers in this area's demographic mix. Historically a significant producer of apples and timber, high-value agricultural and aquacultural production as well as some forestry continue to be both culturally and economically significant to the area's identity, as are more artisanal crafts like traditional wooden boat building. Southern Tasmania's two primary administrative, commercial, and service hubs are Kingston and Huonville, but smaller settlements like Cygnet, Geeveston, Kettering and Dover remain important regional centres. **Future needs and priorities** As with all the other regions surrounding Greater Hobart, the challenges confronting Southern Tasmania relate primarily to urban sprawl, population growth, and strained commuting links with inner Hobart. The large recent influx of lifestyle-driven relocation south of Hobart has only further exacerbated these issues, with strong population growth likely to continue into the future. The demographic profile of this region's population is also beginning to strain its limited health and aged care resources, highlighting the need for more coordinated provision of vital community services.

Table 4 Maps of Tasmanian Community Catchments

Integrating Shared Service Arrangements with Broader Structural Boundary Reform

The Board has heard a range of views on shared services, including a strong view that shared services must support and not undermine broader capability improvements that might be delivered through boundary reform. In Stage 3, consistent with its interpretation of the 'hybrid approach', the Board will be developing an integrated suite of structural reform options that work together to deliver the best outcomes for all of Tasmania.

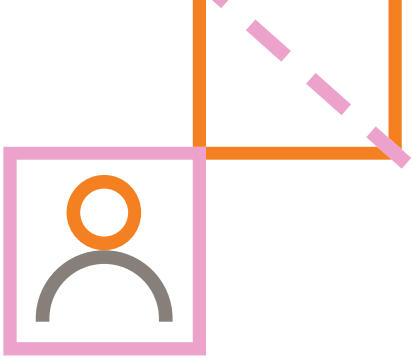
The Board has heard that, for many of the services councils deliver, creating larger councils with greater capacity can lead to improved capability to deliver a broader and more complex range of services and that this approach to consolidation is preferable to complex service sharing arrangements. Indeed, this is also consistent with our high-level findings that larger councils are typically able to deliver a broader range of more sophisticated services[7].

For some services however, there may also be clear benefits in exploring shared service arrangements irrespective of any broader boundary reform. There may also be some shared service arrangements which have merit when tailored to a particular region or group of new, larger councils.

The Board has identified two main instances where shared services will form part of an overall structural change proposal:

1) state-wide or regional service sharing opportunities where there is broad consensus on benefits and opportunities, irrespective of any boundary consolidation ('boundary reform agnostic'); and
2) other service sharing opportunities where benefits may be contingent on boundary adjustments, existing regional characteristics, or specific council service delivery models. This approach may help ensure that regional councils have access to and can tailor the capability to meet the future needs of their communities.

7 SGS Economics and Planning, Functional and Capability Analysis of Tasmanian Local Council Report, February 2023



Shared Services Opportunities – shortlisting potential services based on what we heard:

1. State-wide or regional service sharing opportunities with clear support ('boundary reform agnostic')

Through our engagement, some services were consistently raised as being suitable for a state-wide (or at a minimum, regional) sharing arrangement, regardless of the scale of any new councils created. Those potential services identified as the strongest candidates were typically 'back-office' activities, such as:

1. Finance systems
2. Rates, charges and permit payments,
3. ICT
4. Legal services
5. Human resource management
6. Procurement.

We heard that these could be well suited to state-wide or regional sharing arrangement, and believe that this is worth closer consideration. Many large organisations, both public and private, already provide these kinds of services in a consolidated way. Management requirements are broadly similar in all councils. "Off-the-shelf" systems for managing them are widely available, or have been developed in other jurisdictions. These could be readily adapted to meet the needs of the Tasmanian local government sector, and to the needs of individual councils, for any reform program. We would need to ensure any shared service implementation does not create another level of bureaucracy and additional costs in the sector.

2. Other service sharing opportunities – (boundary reform contingent)

A broad range of other services have been flagged during engagement as having potential for sharing at either a state or regional scale. These services generally fall into the following categories:

1. Full cycle waste management
2. Regulatory services
3. Asset construction and maintenance
4. Regional strategies and promotion

For these services, there is no clear agreement on the best scale for service delivery. This may also vary from region to region based on local differences and existing service successes and challenges. The marginal benefits of moving to service sharing for these services would be highly contingent on any potential boundary reform.

Ensuring successful shared service arrangements

During consultation on the Options Paper, we heard some concerns about whether service sharing arrangements could ever be effective, efficient or fair. That is why we will need to ensure any shared services processes will need to get the design right and ensure there is flexibility to respond to Tasmania's different communities' needs.

Taking account of all the feedback provided, shared services are more likely to deliver the best outcomes if the following conditions are met:

- Services are tailored to local needs where it matters, rather than just providing a 'standard' service.
- All local communities continue to have access to a range of services (e.g. local offices) as present.
- Accountability for service provision remains with local elected representatives.
- The sharing model is developed through consultation.
- There is a transparent model for funding and service levels with a strong governance framework.
- There is clear evidence adopting a shared services model will lead to tangible benefits and improved service delivery.
- Service sharing arrangements are not a pathway to privatisation (the Board is mindful of the risk in removing jobs from local communities or undermining broader scale benefits through council consolidation).
- Services continue to be provided by staff based in local communities (e.g. local workplaces).

Identifying viable mandated shared services in Stage 3

The Board has developed a set of assessment criteria to assess the viability of any future mandated shared service arrangements in Stage 3.

Criteria for identifying services for possible mandatory sharing arrangements

At least one of the following criteria:

1. Capital-intensive services;
2. Services requiring high levels of specific technical expertise; or
3. Services that are delivered in relatively uniform or homogeneous ways across many council areas.

Both these criteria:

4. Sharing arrangements lead to clearly defined benefits, such as by improving efficiency, service range or service quality; and
5. Acceptable transition costs to establish the sharing arrangements.

Councils will have an important role in providing detailed feedback on potential opportunities for shared services. We will be looking to councils to provide greater technical and implementation insights, including how any regional or council specific issues may influence mandatory shared services design, and how councils might more effectively 'unlock' enduring benefits of voluntary shared services. We also want to better understand how potential boundary adjustments may impact shared services opportunities and delivery for remote or structurally disconnected areas.

In Stage 3, the Board will work with councils to undertake an 'audit' of all current shared services arrangements to understand both how existing models are working and what opportunities there might be for extending or adapting these in the context of any broader structural changes to the sector.

4. **Specific Reform Options –** Feedback, Refinement, and Further Development

In its Options Paper, the Board outlined **33 specific reform options** across **eight reform outcomes** (see below). We proposed these options because we believe they had the potential – both individually and collectively – to improve the performance of Tasmania's local councils and, in doing so, deliver better outcomes for the communities they serve.

The Future of Local Government in Tasmania - **Reform Outcomes**

1. **Councils are clear on their role, focused on the wellbeing of their communities, and prioritise their statutory functions**
2. **Councillors are capable, conduct themselves in a professional manner, and reflect the diversity of their communities**
3. **The community is engaged in local decisions that affect them**
4. **Councils have a sustainable and skilled workforce**
5. **Regulatory frameworks, systems, and processes are streamlined, simple, and standardised**
6. **Councils collaborate with other councils and the State Government to deliver more effective and efficient services to their communities**
7. **The revenue and rating system funds council services efficiently and effectively**
8. **Councils plan for and provide sustainable public assets and services**

We have since undertaken further analysis and considered stakeholder feedback on each of the specific reform options.

By and large, community and sector feedback on the specific reform options has been positive. This – along with its own research and analysis – has given the Board confidence that it has correctly identified the key areas that need to be targeted if we are going to improve the overall performance of the Tasmanian local government sector.

Having said that, many of the 33 options were framed in high level terms only to gauge initial views and reactions, with the expectation that further detailed design and implementation planning work would be needed in Stage 3. Stakeholder and sector support for many options was, therefore, in many cases offered subject to having a better understanding of how the proposals would be operationalised. This is understandable, and the Board appreciates that, as with most reform proposals, 'the devil will be in the detail'.

It should also be noted that much of the community and sector engagement on the Options Paper centred around the potential structural reform pathways. Specific reforms attracted comparatively few detailed submissions, with the exception of options pertaining to the role of councils in regard to land use planning.

In this section of the Report, we explain our current (and still evolving) thinking on the specific reform options and set out the work we will be doing in Stage 3 to further test, develop and refine the options alongside the 'big picture' structural pathway conversation. In some areas, we have decided that options should not proceed into Stage 3, at least not in the form proposed in the December paper. Where we have made these decisions, our underlying thinking and rationale is clearly explained.

A more detailed summary of stakeholder feedback in response to the specific reform options is provided at Appendix 3.

It should be noted there are two highly complex reform areas in particular the Board believes warrant significantly deeper consideration, research, analysis and stakeholder input moving into Stage 3:

- The first is **Outcome 5** and, specifically, the options the Board put forward to better deal with the tension that exists between councillors' role as members of a planning authority on the one hand, and as a community representative and advocate on the other. It is clear this is a highly contested area and there are strongly held and divergent views on both the nature and extent of the 'problem' that exists currently, and the appropriate measures that might be put in place to address it.
- The second is **Outcome 7** in relation to ensuring that the Tasmanian local government sector is underpinned by an equitable, transparent, efficient, and sustainable rating, revenue, and transfer system. This is a highly technical area, and the nature of any final options will also be contingent to a significant extent on broader structural reform considerations. The Board will, therefore, need to develop the detail of rating and revenue reforms in parallel to its broader structural change recommendations.

Please note that, following receipt of this Stage 2 Interim Report on 31 March 2023, the Minister for Local Government has amended the Terms of Reference for the Review in relation to the specific issue of councils' role in assessing development applications under the *Land Use Planning and Approvals Act 1993.* The Minister has advised the Board the issue will no longer be included within the scope of the Review. He has instead referred the matter to the Minister for Planning for further consideration and consultation as part of the Government's ongoing planning reform agenda.

Specific Reform Options and Structural Reform Pathways – Developing a Comprehensive and Cohesive Reform Agenda in Stage 3

The Board explained in its Options Paper that "… targeted or specific reform initiatives can only take us so far in delivering a local government sector that is in the best possible position to meet our future needs and challenges. The Board believes we must also address the fundamental problems with the structure and design of the current Tasmanian local government system."

Specific reform proposals will deliver the best possible outcomes where they are developed and implemented in the context of a fundamental sector re-design aimed at lifting Tasmanian councils' overall capacity, capability, and sustainability.

This is not to say that specific reforms would not have a positive impact in the absence of structural change. But the extent to which they can drive substantially better outcomes will, in the Board's view, be severely curtailed unless the 'big picture' structural issues in the sector are tackled as the first order priority.

As the Board moves into Stage 3, it will be seeking to develop a cohesive and integrated package of reform recommendations which includes a combination of structural change and specific 'supporting reforms'.

In the Board's thinking, structural reform will serve as the fundamental platform for building a robust sector structure that is equipped to support contemporary Tasmanian communities for the next 30–40 years. In parallel, specific supporting components aimed at improving local representation, governance, transparency, performance management, funding will be crucial to maximising the quality and value of services delivered by councils to their communities.

The Board will adopt a careful and deliberate process to make sure, as best it can, the structural and specific reforms it recommends at the end of Stage 3 will work together to deliver the best overall outcomes for Tasmania.

Reform Outcome 1 – Councils are clear on their role, focussed on the wellbeing of their communities, and prioritising their statutory functions

Options under this Reform Outcome are focused on improving local government role clarity, genuinely embedding broader community wellbeing considerations into council strategic planning, and improving transparency in decision-making around significant service and infrastructure decisions.[8]

There was strong in-principle support for all of the Board's options, but some concerns that structures such as a Charter for local government and other processes could become onerous and overly complicated if not designed well and with the appropriate supports or local-level flexibility in mind.

The main take-away for the Board is that these options need to be further developed and designed to provide for a clear, simplified, and practical statutory framework for the sector.

Whatever a future Charter may look like, it needs to have a practical focus – to clearly guide and align with the governance, performance management, and regulatory compliance frameworks for the sector as part of an overall, integrated 'system' that drives continuous improvement. The Board notes that the development of the finer details of the Charter would be undertaken in collaboration with the sector and would be implemented in a way that retains councils' ability to be responsive to local needs or develop innovative solutions to local issues.

The Board will consider how community wellbeing may be meaningfully embedded as a core design element in the proposed Charter, and how that then flows through to councils' strategic planning and community engagement frameworks more generally. The Board will work with the Department of Premier and Cabinet to understand how this proposal can best align with and support the broader wellbeing framework currently under development.

The Board has decided that the Community Impact Assessment concept will not proceed to Stage 3 as a 'standalone' option but will instead be incorporated into the broader design work by the Board around improving the local government performance management and community engagement frameworks (Options 3.1 "Require consistent, contemporary community engagement strategies" and 3.2 "Establish a public-facing performance reporting, monitoring, and management framework"). The Board will look to models used globally to assess the community impact of major investment decisions to inform this design work.

8 The role of local government is also discussed in more detail in Appendix 1 - Clarifying the role of local government.

Reform Outcome 2 - Councillors are capable, conduct themselves in a professional manner, and reflect the diversity of their communities

Options under this Outcome are focused on lifting the individual and collective skill and professionalism of elected members, ensuring the community is confident that bad behaviour will be dealt with appropriately and swiftly, and enhancing the overall representativeness of the systems and processes for electing local councillors.

There was strong support for all options aimed at improving elected member knowledge, skills, and conduct. There is broad consensus that Tasmanian councillors need to be supported with better training and should be better paid to reflect their responsibilities but must also be held more accountable for poor conduct, where it occurs.

All options identified under this Reform Outcome will be further developed and refined in Stage 3, noting that councillor number and remuneration reviews and consideration of new models of community representation will naturally need to be closely linked to - and informed by - the Board's recommendations on broader structural change.

While the idea of reintroducing wards or electoral districts received relatively broad support, the Board is also keen to better understand the potential of other more contemporary local governance and community participation models identified through its research. Wards may form a solution, but they are by no means the only one.

The overriding objective of any proposal flowing from this option will be to maximise broad-based community engagement and participation, while avoiding fragmentation and division within the communities councils are elected to serve.

The Board is also aware of work already underway and being led by the Tasmanian Government and LGAT, both on new councillor sanctions and the development of a new elected member learning and development program. The Board will monitor these developments and, wherever possible, seek to support and align its reform recommendations with positive initiatives already in train.

Reform Outcome 3 - The community is engaged in local decisions that affect them

Options under this Outcome are focused on improving transparency around council performance (particularly for service standards and quality), and ensuring councils engage frequently and genuinely with their communities on a range of important strategic, budget, and service level decisions.

Options aimed at improving transparency and community focused decision-making all received strong support. The need to build and maintain a comprehensive, contemporary performance monitoring and management framework is seen as particularly important.

The Board has observed the lack of this type of framework in Tasmania has made it difficult to undertake robust analysis on sectoral performance throughout the Review. A high-quality performance monitoring and management system will be critical in tracking performance in the context of any major reform process.

The development and prompt and effective implementation and oversight of a performance monitoring and management system will be an essential element to improve current reporting and monitoring deficits (particularly around service levels and quality), but also to allow for tracking of individual council and whole of sector performance, as part of any reform implementation process.

In Stage 3, the Board will further develop and refine its thinking on the essential core components of such a framework, and how it believes it should be implemented and supported. Careful consideration of the roles and resourcing of the office of local government, the Tasmanian audit office, and council audit panels in overseeing the framework will form part of this work.

The Board notes that a new statutory requirement for councils to consult on, establish, maintain, and regularly review community engagement strategies is already an agreed reform from the Local Government Legislation Review.

It is important that any statutory requirements strike the right balance between maintaining a minimum, consistent level of engagement across all councils, while at the same time providing local flexibility to meet genuine community differences and preferences. In Stage 3, the Board will develop a position on what that balance looks like in practice, and how community engagement processes and practices will align with the proposed new Charter and other key elements of councils' governance and performance management frameworks. The Board will also consider further how any benchmarks established under the new framework should be used to inform regulatory and service performance oversight and/or interventions.

In Stage 3, the Board will also consider ways to ensure the intent of its Community Impact Assessment proposal is captured as part of any recommendation that flows from this reform outcome, but in a way which provides sufficient flexibility for local communities.

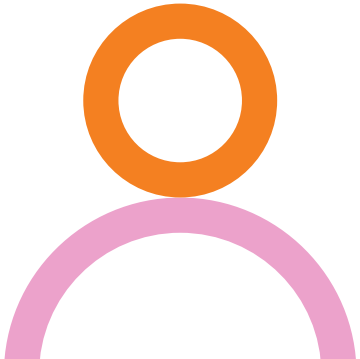
Reform Outcome 4 - Councils have a sustainable and skilled future workforce

Options under this Outcome are focused on addressing structural workforce challenges in the local government sector, including growing skills gaps and shortages (particularly in areas like planning and civil engineering). While these workforce challenges are not unique to local government, putting in place deliberate strategies and plans to address them will be essential to ensuring councils have the capabilities they need to continue to deliver high quality services to communities.

The workforce issues identified by the Board are universally acknowledged across the sector.

However, having reflected on feedback from our engagement, and acknowledging the different priorities and objectives of both tiers of government, the Board has determined that a shared local government and State government workforce strategy is likely to be simply too ambitious, unwieldy, and unfocused. Instead, the Board believes the focus should be on a dedicated local government workforce development strategy, with opportunities for partnerships and linkages with the State – as well as the community and private sectors - identified and pursued where it makes sense and there are clear benefits to doing so.

The Board has also determined, moving into Stage 3, Options 4.2 ("Target key skills shortages, such as planners, in a sector-wide or shared State/local government workforce plan") and 4.3 ("Establish 'virtual' regional teams of regulatory staff to provide a shared regulatory capability") might be better considered as potential components of a well-considered workforce strategy, but that the work of developing the guiding strategy itself should be a priority. Option 4.3 also needs to be considered alongside any proposal to develop shared services capabilities for specific regulatory functions at a regional level.



Reform Outcome 5 - Regulatory frameworks, systems and processes are streamlined, simplified, and standardised

Options under this Outcome are – first and foremost - focused on addressing perceived and actual tensions between councillors' roles as community representatives and advocates on the one hand, and technical planning authorities on the other. They are also focused on improving the quality and consistency of other regulatory functions undertaken by councils, by addressing both issues with the frameworks councils must operate within, and the resourcing and performance of those functions generally.

The Board supports the important role of councillors in land-use planning and the development of local provision schedules incorporated into the Tasmanian Planning Scheme. This is central to a council's role in enhancing the long-term wellbeing of the community through 'place-shaping', and the Board is not proposing any changes to this role.

The Options Paper included reform options for clarifying councillor's role in the development approval process. Planning-related options can be highly contentious, both across the sector and in the general community. A significant number of councils have said they stridently oppose removing the planning authority status from councils, while others indicated they would welcome it. The Board has considered this range of views and revised its reform proposals (see breakout box next page), which it presents for further feedback. The approach the Board ultimately recommends will depend on the evidence it receives as to whether the conflict issue is sufficiently problematic or otherwise structurally defective as to warrant major changes to councillors' role in determining developments.

In other areas, as noted in the Options Paper, there is significant variability in council performance across a range of regulatory functions, including some areas where there is a concerning level of non-delivery of critical public health and safety functions. The Board considers these issues to be largely a function of structural capacity and capability challenges and will be central to the Board's development of structural reform recommendations and a workforce strategy.

Additionally, the Board's current view based on further engagement and analysis is that appropriate models for strategic regional governance on planning and infrastructure matters will also need to be developed alongside and in support of any new proposed structural design for the sector. It is therefore proposed that the development of regional governance models is integrated as part of that design work in Stage 3. This is discussed further under Reform Outcome 6, below.

Please note that, following receipt of this Stage 2 Interim Report on 31 March 2023, the Minister for Local Government has amended the Terms of Reference for the Review in relation to the specific issue of councils' role in assessing development applications under the *Land Use Planning and Approvals Act 1993*. The Minister has advised the Board the issue will no longer be included within the scope of the Review. He has instead referred the matter to the Minister for Planning for further consideration and consultation as part of the Government's ongoing planning reform agenda.

Councillors as Planning Authorities – The Board's Current View

There is a strong division between those who believe councillors have a legitimate role in directly making planning decisions, and those who believe the role of elected representatives is to shape local planning schemes and represent community views in the planning process but that decisions should be made by local professional planners or, in the case of complex applications, by independent planning panels.

This strength of feeling is partly driven by a poor understanding of Tasmanian planning law. When councillors act as a planning authority, they are required to make decisions consistent with the *Land Use Planning and Approvals Act 1993*, including any relevant planning scheme. The Local Government Code of Conduct requires councillors to bring an 'open and unprejudiced mind' to their decisions.

This becomes a problem for councillors who have expressed a strong public position on a development. Councillors who have publicly opposed a development in the past can find themselves unable to vote in a council decision on the very issue they have campaigned on. For example, when the Robbins Island Wind Farm went before Circular Head Council in February 2023, three councillors who had made representations on the development before being elected declared a conflict of interest and excluded themselves from the decision-making process.

Councils' impartiality can also come into question when considering development applications lodged by individual councillors, by the council itself, or for developments on council-owned land.

While the Board believes there is a tension between councillors' role as community advocates and their role as a member of the planning authority, it has heard mixed and conflicting evidence about whether this is a significant problem, or if the tension is being appropriately managed in most cases.

The high-profile cases of councillors making controversial decisions on development applications represent a small proportion of total developments. In a survey responded to by 18 of 29 councils, only seven per cent of all development applications were determined by elected representatives; the rest were determined by council officers acting under delegation. The proportion of discretionary determinations that went to appeal was very low – an average of about one per cent state-wide. Determinations made by elected representatives were no more likely to be appealed than those by council officers.

In response to the feedback and research to date, the Board has revised the options presented in the December 2022 Options Paper. It now presents three potential reforms for further feedback, while mindful that any reform should not introduce any undue regulatory burden, complexity, or inefficiency into the planning system.

As well as addressing the community advocate/planning authority tension, the first two potential reforms address a related issue of councillors dealing with large and complex developments that have a significant technical component. These developments are often contentious and can require councillors to analyse and understand large volumes of information, which can be time consuming and require significant support from council staff. This increases the burden on both council staff and councillors.

If councillors' role in determining development applications is causing significant problems, or is creating a significant risk of a conflict between their role as community advocates and their role as a member of the planning authority, then the Board believes that Reform 1 may be an appropriate solution:

Reform 1: Remove councillors' responsibility for determining development applications entirely. All developments would be determined by council planning officers, or referred to an independent panel for determination.

Most development applications would be determined by council planning officers acting under delegation, as happens now. In defined circumstances (to be developed through further consultation), development applications would be referred to an independent panel for determination. The panel would comprise people with relevant knowledge and expertise, including knowledge of the regional conditions and issues. Referral to the panel could be initiated by the assessing council officer, by a vote of the council or by the proponent of the development. Councillors would have a formal opportunity to make representations to this panel, where they could more formally and legitimately represent the views of their communities. They would, of course, be free to advocate publicly on the development. Determination decisions by either the panel or the council's planning office could be appealed to the Tasmanian Civil and Administrative Tribunal (TASCAT), as currently occurs.

The advantage of this reform is that councillors would have a strong mechanism for representing the views of their community and advocating for the policies they support. The assessment of the development would be completed by the council planning staff in all cases, so the council's local knowledge would be integrated, and the additional cost of the panel would be minimal. Technical issues would be considered on their merits by people with the relevant professional expertise.

The disadvantage of this reform is that councillors may find themselves at odds with their own council planning officer, damaging the relationship between councillors and staff. In that case, they could appeal the council's planning officer's determination to TASCAT. This could bring council decisions into disrepute and cause confusion in the community. The other disadvantage is that planning determinations can involve judgements about subjective matters such as local public amenity. Persons on the panel would, however, be appointed for their knowledge skill and judgement, and would be expected to reflect community standards.

Councillors as Planning Authorities – The Board's Current View (cont.)

If councillors' role in determining development applications is only causing problems for some contentious developments, the Board believes that Reform 2 may be an appropriate solution:

Reform 2: Give councils a framework for the referral of development applications to an independent panel for determination.

Under this option, development applications would continue to be assessed by council officers or councils sitting as a planning authority. However, a council could choose to refer complex or contentious development applications to an independent panel for determination. Referral to the panel could be initiated by the assessing council officer or by a vote of the council. In a narrow set of defined circumstances, such as where there is a clear conflict of interest, referral to the panel could be triggered automatically. The panel would comprise people with relevant knowledge and expertise, including knowledge of the regional conditions and issues. As with Reform 1, councillors would have a formal opportunity to make representations to this panel.

The advantage of this reform is that councillors would have more flexibility for managing contentious development applications. Councillors would still have a strong mechanism for representing the views of their community and advocating for the policies they support.

The disadvantage of this reform, if referral was entirely voluntary, is that the decision to refer a development to the panel could itself become contentious. Implementation of this option would also have to assume that a reasonable volume of referrals will arise to justify the establishment of independent panels.

The Board considers the third reform is likely to improve clarity and consistency around development determinations, whether or not Reform 1 or 2 proceed.

Reform 3: Provide guidelines for the consistent delegation of development applications to council staff.

Depending on whether Reform 1 or 2 is pursued, guidelines would help councils to determine which decisions should be made by councillors, an independent panel or the council's planning staff under delegation. The criteria in such a policy could be based on the nature of the development (e.g., capital value, location, activity proposed), the nature of the proponent (private individual, business, government agency, council, councillor) and/or the number of representations received.

This reform has the advantage of providing clarity to proponents and the community. It may also lead to more efficient decision-making, as proponents, council staff, councillors, and the broader community would be clearer on who will be making key decisions, and on what basis. Care would need to be taken to ensure that referral or otherwise to independent panels, council staff would not, in itself be ground for appeal.

Reform Outcome 6 - Councils collaborate with other councils and State Government to deliver more effective and efficient services to their communities

Options under this Reform Outcome recognise that a significant and increasing number of the major policy challenges councils face will be more effectively tackled through joint collaborative effort at a regional or even State-wide level, with councils partnering with each other and the State Government via robust, transparent, and valued governance frameworks.

Feedback revealed in-principle support for improving the way councils work together and with the State Government to address complex issues like climate change adaptation, population settlement planning, and natural disaster and emergency management responses. The Board has again heard there is a range of existing collaborative arrangements that work well, but some structures like the current regional authorities are vulnerable to individual councils withdrawing support and membership to 'go it alone', which can undermine their long-run effectiveness and viability.

The Board's current view is regional and state-wide collaboration will only become more important over time in response to the increasing complexity of the policy and regulatory challenges with which councils need to grapple. This fact has recently been recognised by the State Government, with its commitment to pursue Regional Strategic Partnerships to address identified planning and land use challenges and deliver tailored economic 'precinct plans', in partnership with local councils from the region acting as a 'cluster'.

The nature and shape of what the Board considers to be appropriate collaborative governance arrangements will, necessarily, depend heavily on the structural reform proposals it develops in Stage 3. What is clear is that – even in a future state with fewer, larger councils – the need for collaboration and partnership across council boundaries will remain.

As noted under Reform Outcome 5, the Board is proposing to deal with the future regional collaborative governance structures as part of its broader structural reform development process. The overriding focus must be on ensuring that any arrangements are well supported and resourced, and that member councils perceive (and receive) value from their participation. The question of whether membership needs to be mandated – at least with respect to certain matters of high-order strategic regional or state-wide importance – remains open at this time. Ideally, the benefits to councils of participating in such arrangements will be sufficiently clear to ensure parties remain active members. Collaboration will always be more effective when there is clear mutual benefit and participation is voluntary.

In relation to increasing the co-location of council and State Government 'front desk' services, the Board has become aware of work underway by Service Tasmania to look at increased integration opportunities and will be engaging with the Department of Premier and Cabinet to understand this further as it moves into Stage 3 (See box next page).

Council partnerships with Service Tasmania

Service Tasmania provides access to a wide range of State Government services, including:

- over-the-counter at 27 service centres;
- over-the-telephone through the Government Contact Centre; and
- over-the-internet through **www.service.tas.gov.au/**

As well as processing rates payments for all Tasmanian councils, Service Tasmania provides additional services for six of Tasmania's 29 councils. Residents can enter any Service Tasmania location to undertake a range of local government transactions, from dog registrations through to council venue hire. Service Tasmania also provides services for the Commonwealth's Services Australia. A significant number of residents transact outside of their local government area, indicating that people find the option of multiple payment points to be convenient.

Service Tasmania has service centres in 26 local government areas. Three of these are physically co-located alongside council staff in their premises. For residents, this means convenient access to multiple government services, and in many instances, people need not know which layers of government with which they should be dealing. Co-location can also reduce administrative costs for the participating organisations and allow staff to share knowledge, ideas and even certain tasks and activities.

The Independent Review of the Tasmanian State Service recommended that Service Tasmania further develops partnerships with local government and others. The Board sees great value in councils exploring these opportunities for in-person, phone and online delivery of services.

Reform Outcome 7 - The revenue and rating system efficiently and effectively funds council services

Options under this Reform Outcome focus on ensuring our system of local government is underpinned by a revenue and rating system that is equitable, efficient, transparent, and sustainable.

As with many of the specific reforms, the Board has put forward options where it considers there are aspects of the rating and revenue system that could be improved, even if our current system of 29 councils was retained.

Options that fall into this category are increasing transparency in rating changes, increasing the utilisation, consistency, and transparency of user charges for services where there is a strong case for them, and looking at the operation of our concession schemes. Sector and community feedback to these types of proposals was generally open and positive.

However, the Board also notes that the more significant decisions about how our system for the funding of councils should work in the future – both in terms of own-source revenue and grants and transfers – will all be fundamentally influenced by broader structural reform considerations. The equitable allocation of Australian Government Financial Assistance Grants, and the distribution of rating burden across the population, will need to hinge on and reflect the future structural design of the sector.

In other words, funding models, as with those for local governance and representation, will need to be designed in a way that deliberately and transparently supports successful and sustainable future councils and communities. A major part of that conversation is how we – as a state – ensure that councils supporting our economically crucial regional and rural communities have sufficient funding to provide adequate service levels to their communities.

These more fundamental considerations of financial sustainability, and the work the Board will need to undertake in Stage 3 to resolve them in the context of the structural reform discussion, are also discussed above in Section 3.

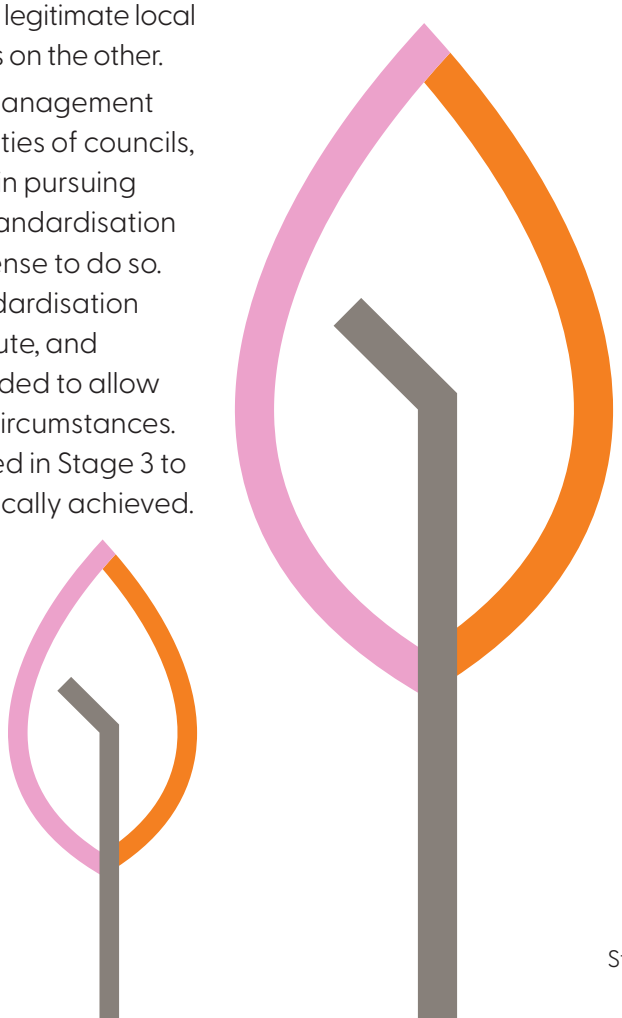
Reform Outcome 8 - Councils plan for and provide sustainable public assets and services

Options under this Reform Outcome seek to address the challenges many councils face in managing their substantial physical infrastructure assets. Councils have varying capabilities when it comes to the maturity of their strategic asset management processes and practices, and a lack of high quality and consistent systems and data across the sector can make it difficult to get a clear and true picture of existing and emerging asset renewal backlogs. At the same time, councils are under seemingly constant pressure from their communities to fund new infrastructure, and often this comes about when other tiers of government make commitments to fund or part fund new projects that councils then need to maintain into the future.

The response to the options indicated broad agreement with the issues the Board has identified, but there was a range of reservations raised in relation to proposed solutions, particularly from councils. These included the need to balance standardisation on one hand against legitimate local infrastructure variations and solutions on the other.

Given the centrality of good asset management practices to the role and responsibilities of councils, the Board still believes there is merit in pursuing asset life and system and process standardisation where it is reasonable and makes sense to do so. The Board acknowledges that standardisation cannot be completely rigid or absolute, and mechanisms would need to be included to allow for divergence in response to local circumstances. Further technical work will be needed in Stage 3 to understand how this might be practically achieved.

As with the response to all Reform Outcomes, there was strong support for measures to improve transparency in decision making as a way of improving community engagement and overall trust in councils. However, as the Board has further considered the options under this Reform Outcome, it has become clear that there are strong linkages between a number of proposals (such as the regular service reviews option) which are better conceptualised as sub-components of the new performance monitoring and management framework and/or proposed mandated community engagement mechanisms. Accordingly, those options will be further developed and refined in that broader context.



5. The Way Forward and Next Steps

While the Board is confident it has identified the key areas that need to be targeted to improve the overall performance of the Tasmanian local government sector, we now need to further develop and refine our options. Feedback from councils and the community is vital to this task.

We are inviting comment on all aspects of this report by 21 June 2023. In particular, the Board is interested in your ideas about how local government should be structured to best serve the community catchments we have identified, as well as our proposals for reforming decision-making on development applications.

As noted in section 3 above, we will release Information Packs for each community catchment including boundary options that show how one or more councils could serve that catchment. During the consultation period, the Board encourages groups of councils to work together to develop their own options they believe will serve the community catchments and align with our foundations and criteria.

In parallel, the Board will work with councils to undertake an 'audit' of all current shared services arrangements to understand both how existing models are working and what opportunities there might be for extending or adapting these in the context of any broader structural changes to the sector.

After the close of written submissions, the Board will hold a series of formal hearings, where we will request all 29 councils to make presentations on how they see local government best serving our identified community catchments. Community members will also be able to make presentations during this process. These hearings will be open to the public and streamed live.

Timeline for the Stage 3 engagement process

The timeline for the Board's engagement process is detailed below.

1. The publication of this Interim Report begins a nine-week period when we invite councils and communities to provide written submissions on any aspect of the Report (submissions close 21 June 2023).
2. To support the consultation process, in May 2023 the Board will publish Information Packs and potential boundary option maps for each community catchment identified in **Section 3**.
3. In late June and July the Board intends to hold hearings for councils and the community in each of the community catchment areas. Details of these hearings will be promoted in local papers and on social media. You can also subscribe to the Review Newsletter to receive updates on when and where these meetings will be held.

APR	Release of this Interim Report
MAY	Release of Information Packs for Community Catchments
JUN	21 June: Written submissions close Late June: Public hearings commence
JUL	End of public hearings
AUG	Board prepares Stage 3 report
SEP	30 September: Board submits Stage 3 report to Minister.

The Board will be publishing more information shortly about the further opportunities it is providing for the community, council staff, and other stakeholders to get involved and engaged in Stage 3.

Conclusion of Review

At the end of Stage 3, the Board will present its Final Report to the Minister outlining our reform recommendations. This will include a detailed suite of specific options across the eight reform outcomes, and preferred models and approaches for structural local government reform.

This will signal the end of the Board's Review process. At this stage the Government will consider the Board's recommendations and decide how it wants to respond. It will be up to the Government to decide whether it agrees with all, some, or none of what the Board recommends. Before deciding on the recommendations, under the provisions of the *Local Government Act 1993* the Minister for Local Government is required to consult with all impacted councils.

It is also important to understand that there will likely be a number of practical implementation considerations that will need to be managed in the final detailed design of any structural changes to local government, as recommended by the Board. It is likely that some of this technical detail will need to be resolved after the Board provides its final recommendations to the Minister for Local Government.

Appendix 1 -
Clarifying the role of local government

Through the early stages of the Review, the Board heard a lack of clarity surrounding the current role of local government can result in unrealistic or confused expectations from communities – and at times from elected representatives – about what councils can or should be doing. This has created gradual 'scope creep' in the range of functions some councils perform.

It is broadly accepted that, in recent decades, the role of local government has changed, expanding constantly to meet the evolving needs of their communities, shifting from the traditional 'services to property' - that is, roads, rates, and rubbish - to 'services to people.' Importantly, as we discussed in our December Options Paper, councils play different roles depending on the situation, issue, and community need (see Table 1, below).

Role	Description	Example(s) of function
Service Provider (or Purchaser)	Responsible and accountable for the delivery of a specific function and associated services	Waste collection, construction and maintenance of local roads and footpaths
Regulator	Enforce their own regulatory controls (by-laws) and enforce regulatory provisions under State legislative frameworks	Building control, food safety inspections, environmental health regulation, local by-laws
Facilitator, Coordinator, or Partner	Working with others to arrange and support the delivery of a particular function, service, or outcome	Emergency response and natural disaster management, economic development including City Deals, natural resource management
Advocate	Lobby on behalf of their constituencies to other levels of government responsible for services in their communities	Pushing for state or Commonwealth action on climate change or health services

Table 1: Contemporary Local Government Roles

We are of the view, supported by the sector and communities, that there is nothing manifestly wrong with the range and scope of current services services and functions councils are performing. We do not believe there is a convincing case to radically change local government's role in these areas, even if we move to establish fewer, larger councils.

However, there are areas where councils are now expected to take on a greater role, without formal recognition or supporting structures, and this needs to be addressed. These include supporting the wellbeing of communities and managing the local impacts of climate change.

Through our Stage 2 exploration of the role of local government, we also identified:

- Support for local government to play a carefully defined 'place-shaping' role. This includes providing high quality and increasingly sophisticated representation, engagement, and community advocacy, as well as facilitating and coordinating programs and projects at a community level. Place-shaping also includes vital economic and community development functions, strategic land-use planning, and targeted place-based wellbeing initiatives in response to distinctive community needs or preferences.
- Support for the idea that councils must have flexibility to provide 'optional' services (in addition to those statutory functions they should be prioritising), in response to clear community needs or demands. When councils do this, however, it should be with the support of their communities via a transparent and accountable process, and not at the cost of their sustainability. Councils should explain why they are proposing to provide a new service and how much it will cost ratepayers.
- A clear need to develop robust and properly supported frameworks and processes for more effective strategic partnerships between local, state, and federal governments, enabling better coordination of effort between neighbouring councils and among spheres of government.

We believe that, through our package of specific reform options, we can provide better clarity on the things councils should be doing and building the necessary frameworks and structures to enable them to work more collaboratively, while remaining flexible in responding to the unique needs of their communities.

What we heard in Stage 2 – our future challenges and the future role of councils.

As part of our Stage 2 engagement process, the Board undertook two targeted engagement activities, with Tasmanians aged 16–44, and Aboriginal communities. The aim of these engagement activities was to understand:

- How these groups feel engaged with, and represented by, their local councils;
- These groups' biggest challenges for the future of their local area/ community; and
- What they think local government should be doing to help address these challenges.

We decided to focus specifically on these groups for two main reasons. Firstly, those under 45 and Aboriginal Tasmanians have a significant stake in the long-term future of local government and, secondly, these groups had been underrepresented in the Board's earlier community engagement events.

Survey of Tasmanians aged 16–44 – Link to full Report

We surveyed 475 Tasmanians aged 16 to 44, to understand what they believe are the greatest challenges for the future of their local area, and how their councils can address these concerns.

Respondents' largest concerns for the future of their local area broadly fell into nine categories. Of these, four key issues made up 61 per cent of responses – climate change, (19 per cent), cost of living (17 per cent), housing and homelessness (14 per cent), and impacts from poorly managed population growth (11 per cent).

Across age groups, a range of issues were identified relating to poorly managed population growth. These primarily involved the negative impacts of poorly planned urban sprawl (in metropolitan LGAs) and greenfield development (in smaller LGAs) on liveability. Specific issues included a lack of transport options, services, green spaces, canopy coverage, and erosion of community connectedness resulting from poorly planned urbanisation. Transport was a key concern, frequently cited through a lack of access to buses and alternative measures, as well as through councils' perceived inability or unwillingness to provide alternative transport options to cars, such as bike lanes or footpaths.

Those from rural areas were more likely to identify access to essential services, including transport and health, as well as education and job opportunities for them and their families, as their biggest concerns for the future.

Those over 30 were more likely to identify poor or absent infrastructure as an issue for the future of their local area - particularly roads and transport infrastructure, stormwater, channels and "green" infrastructure (e.g. parks, EV chargers). There was also a concern expressed by a number of respondents that local infrastructure is currently not 'future proofed' from the impacts of climate change (e.g. natural disasters, the 'urban heat island effect', rising sea levels).

Broadly, there is a consensus that councils should more effectively engage with and listen to their communities to identify local issues, enabling them to tailor appropriate service delivery and/or advocate for services and action on issues from other levels of government.

Many submissions also identified that councils, through local leadership and policy actions, can support and facilitate individual behaviours which support environmental sustainability. Examples include supporting community gardens and providing FOGO and recycling options (and education).

A few responses, particularly across LGAs in the Greater Hobart region, also identified a key role for councils in collaborating with each other to provide efficient and cost-effective services.

Engagement with Aboriginal Communities – Link to full Report

We spoke with 61 members of Aboriginal communities across the State and heard their messages about feeling underrepresented and unheard by their councils. We heard that Aboriginal perspectives were not being listened to and considered in decision-making.

Participants said they often felt unwelcome, anonymous, or overlooked in council work. They felt that council structures did not meet their needs, and councils did not make any attempt to understand them.

We heard that local government could improve relations with Aboriginal people by proactively coming to them, meeting them on Country, providing an informal atmosphere for communication, and genuinely seeking to build ongoing relationships. Councils also need to allow people to identify and address the feelings that can arise when considering the colonial past.

There was a strong desire to see more Aboriginal people represented in local government positions, such as council staff or as councillors. This would allow for greater diversity in the views and priorities considered within councils, and lead to more effective services.

There was a strong desire to see well-supported Aboriginal Liaison Officers employed within local government, both to educate others within government and to improve consultation and communication with the Aboriginal community. Mentoring programs were also mentioned as an opportunity to get younger Aboriginal people involved in local government.

Symbolic and practical recognition of Aboriginal culture and history were seen as important. Examples included prioritising acknowledgements of Country, dual place names, flying the Aboriginal flag, and investing in infrastructure that facilitates Aboriginal cultural activities, such as fire pits. Cultural awareness training for councillors and staff was also seen as important to improve local government interactions with Aboriginal people.

Appendix 2 -
Community workshop outcomes report

The future of Local Government in Tasmania: Potential Structural Reform Pathways

Stage 2 - Sector and community meetings across regional Tasmania on potential structural reform pathways

Prepared by Sue Costello for the Tasmanian Local Government Review Board

"We've got to work together better for the whole of Tasmania."

Elected member, February 2023

Executive summary

Across sector and community meetings held during February and March 2023, there was consensus amongst stakeholders that:

- We can't keep the status quo, as some structural reform of the local government sector is needed to meet Tasmania's future challenges.
- Local government is a valued and important level of government, representing and advocating for local communities and townships across the state.
- Skill levels across elected members and council staff need to lift to support structural reform.
- To ensure equitable local representation and continuity in any structural change process, a ward or other alternative equitable representation system be adopted, and staggered election cycles should be explored.
- Open and transparent communication and engagement needs to improve to maintain the trust of residents, potentially through establishing systems or bodies that better support ratepayers/local voice.
- As community expectations rise, greater role clarity (and connectedness) between all levels of government is required and needs to be communicated widely.
- While this report highlights the strengths and weaknesses of the three structural reform pathways in the Options Paper, what came across in the sessions is that a 'one size fits all' approach to local government reform in Tasmania is not seen as appropriate or optimal, given that:
  - some mandated service sharing will be extremely costly and complex to implement regionally or statewide.
  - urban, rural, and remote local government areas vary in population, geography, culture, wellbeing, and economic circumstances.
- That is why, most session participants preferred option three - a 'hybrid model' combining a potential combination of boundary changes, as well as potential initial mandated shared servicing or coordination of areas of clear opportunity such as waste management, payroll, professionals (engineers), planning and climate change management.
- A set of assessment criteria for boundary changes, as well as broad measures for success, were suggested to assist in an open and transparent decision-making process around reform.
- For remote areas (King and Flinders Island) examine the benefits of establishing a corporation, regional authority or hub with state agencies and industry providers to share resources and skills.
- Participants thought that greater communication and clarity about the benefits of reform is needed as it progresses to the final stages, in order to test community support.

"We now use codesign, particularly where changes can be challenging to embrace. Talking to locals first before implementation as we recognise that it is important to obtain community acceptance."

West Coast elected member, February 2023

Introduction

In December 2021, the State Government established the Local Government Review Board to examine all aspects of local government. In January 2022, the review commenced involving three main stages:

1. Stage 1 culminated in the release of an Interim Report to the minister for Local Government based on community consultation and evidence-based research.
2. Stage 2 (currently underway) involves the release of a Board Options Paper that seeks to test a broad range of reform options. This stage involves a broad consultation and submission process to gather further sector and community input into the future of local government. A further report with a more refined set of options will then be presented to the Minister at the end of March 2023.
3. Stage 3 will see a final Board report to the Minister with a set of reform recommendations and supporting implementation plan.

This report informs Stage 2 of the review process, focusing on the input provided from key stakeholders on the three potential structural reform pathways contained in the Options Paper, which could deliver greater capacity and capability across the Tasmanian local government sector.

The report aims to inform the Board on what people thought was the best structural reform option that addresses Tasmania's future challenges, without losing connection to the voice of our local community. It summarises the common key themes and issues raised across all sector and community sessions. To support Board deliberations, stakeholder views on areas of improvement to support reform, their ideas, and differing perspectives based on region are also included. The suite of 33 other 'specific reform options' in the Options paper were not the focus of the February Sector and Community meetings and are not reported on here in any detail.

What methodology did we use?

Over February 2023, the Board hosted regional community meetings around state supported by staff from the Department of Premier and Cabinet's Local Government review secretariat and Sue Costello, independent facilitator. In addition to two online sessions, community sessions were held at:

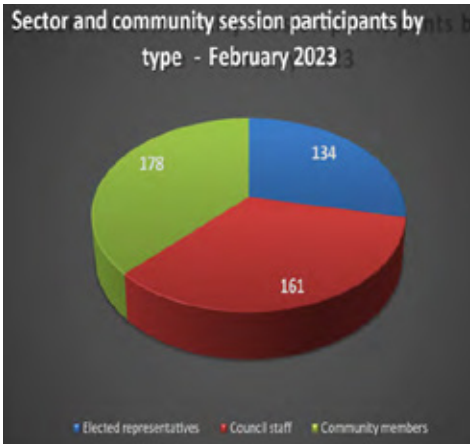
- Queenstown – 1 February 2023
- Ulverstone – 2 February 2023
- Kingston – 6 February 2023
- Sorell – 7 February 2023
- St Helens – 8 February 2023
- Bicheno – 9 February 2023
- Bothwell – 14 February 2023
- Longford – 15 February 2023
- Flinders Island – 22-23 February 2023
- King Island – 2 March 2023

In all cases, except St Helens, three sessions were held for elected representatives, council staff and the community on these. Over a two-week period, 28 face to face and 6 online sessions were conducted with over 470 people attending.

A series of questions were asked at each session (see Appendices). For all stakeholders, questions centered around three areas:

1. The voice of the community
2. The future challenges for Tasmanian communities
3. The structural reform option(s) that best meets these challenges.

While session discussions were wide-ranging, this report focuses on reporting against these topic areas. Depending on group size and location, a combination of facilitation methods was used - from workshop/codesign to question and answer forum style.



What were the key themes from the sessions?

"Connecting with community is our core business."

Elected member, February 2023

1. The voice of the community

What did elected representatives say?

Elected members talked about being the most connected representatives of government to the Tasmanian community, recognising that compulsory voting has made them more accountable and accessible to the ratepayer. Many councils capture community voice through their strategic plan or implementing processes such as a community engagement strategy or framework, combined with exemplary servicing of highly invested passionate people through direct face to face conversation. Some councils such as Break O'Day and Southern Midlands noted they have invested heavily in creating a regional identity and brand that they fear will diminish as part of any reform.

Most elected members talked about adopting a broad range of communication strategies (council meetings, working groups, candidate forums, face to face, event attendance, formal and informal) but recognised it can be hard to reach the whole community due to lack of interest, challenges with engaging young people, literacy skill levels, access to information technology, health and wellbeing issues, and isolation.

The role of council and its elected members to listen and advocate for locals with other levels of government is seen as critically important. Elected members saw themselves as connectors and communicators between levels of government. However, few mentioned the benefits or power of operating as one local government voice across boundaries when advocating on a statewide or regional issue. COVID-19 was seen as an example where the State government led a Tasmania-wide

approach that was implemented by councils. Several participants mentioned delivering 'non-core' services that are the responsibility of other levels of government (e.g., health services as a state responsibility).

Strategic aspects of councillors' role can create tensions with operational aspects undertaken by council staff, particularly as they are accountable to the community ('they voted for us'). For the most part, elected members work strategically, leaving council staff to the operations and policy delivery. The structure of local government puts a lot of pressure on the General Manager as a conduit between councillors and staff. Hence, a positive, strong relationship between the mayor and General Manager is seen as critical to smooth council operations.

When asked what areas need changing or improving, elected representatives said:

- Building and leveraging off partnerships
- Induction and training programs for both elected members and staff around council governance and legislative requirements was regularly mentioned as an area of focus for improvement.
- Limitations on the number and length of councillor terms
- Review of the code of conduct
- Given the time to respond as local input is important – don't avoid community voice and needs.
- Review Federal Government Assistance grants, acknowledging the economic contribution the road network plays to the State as well using this as a mechanism for pursuing equity across councils.

"We are strong on representing our people and ensuring they are being heard".

Tasman staff member, February 2023

What did council staff say?

Often seen as 'the face of council', council staff talked about being the main point of contact for the community, being accessible and transparent, receiving their feedback and communicating with them on a range of issues. Like elected members, they capture community voice through a range of communication channels, with one-on-one, over the counter interactions being valued by the community, particularly the elderly. Many mentioned that in rural and remote councils this is even more the case, being far more locally connected to the people they serve than urban areas. They are knowledgeable about their local community, undertaking research and identifying gaps in services. They are often the voice for community and see themselves as being part of 'the most trusted level of government' due to this direct access. They also noted that there are people within their community that don't engage until they are affected by a decision.

Staff said they are often seen as the only 'forward facing' deliverers of service in their community, a 'one stop shop' for all common issues, often a provider of last resort. On occasion, staff said they felt wedged when undertaking their role, as community

concerns often relate to a State or Commonwealth area of responsibility or policy decision of council (e.g., health, disaster recovery and cross over to other tiers of government). Related to this is their role in advocacy, with senior staff often facilitating meetings with State and Federal ministers and bureaucrats – often supported on a regional basis by Cradle Coast Authority (CCA) and Local Government Association of Tasmania (LGAT).

As with elected members, there is a tension between community needs and providing core services within councils' limited resources, particularly for rural communities compared with urban ones. For both urban and rural councils, managing raised community expectations of what local councils offer is becoming a concern as their demographics change. That is, visitors, new residents to Tasmania, and those moving from urban locations want the same level of infrastructure and services in rural and regional locations as in a city.

Already noted above, power imbalances can exist between elected members and council staff if role clarity is lacking, leading to potential conflict and dysfunction from time to time. Strengthening of the Code of Conduct and adequate training of candidates before being elected will ensure better understanding of their role and the practical and legal framework in which councils operate.

A dditionally, in one session, staff noted that councillors have little influence or control over State government decisions.

When asked what areas need changing or improving, council staff said:

- Reinstating the 'half-in/half-out' system of electing councillors to build continuity on council.
- Better use of strategic planning to focus on servicing and engaging the community.
- Outreach to support community voice and avoid fragmentation with townships and hard to reach residents.
- Online meeting facility for remote community meetings
- Use of co-design for community services.
- Educating the community, clearly communicating council 'core' business and the non-negotiables.
- Implementation of a formal mechanism for community voices to be heard.
- Review planning scheme, retaining local input and knowledge with appropriate training.
- Through the code of conduct and training, better role clarity between elected members and staff around community engagement, ie. strategic communications by elected officials, operational matters by staff, decision making based on advice not politics.
-

What did the community say (their local voice)?

At each session, several community members were glad to see local government reform underway given the need to:

> **"Looking at local government, it's a little broken – let's make it better".**
>
> Longford community session, February 2023

- improve sector capability.
- deliver on more strategic approach to service delivery.
- potentially encourage more innovation at the closest point to the community.

Community views on the actual reform process and outcomes on local voice were mixed, however, demonstrating a level of uncertainty, mistrust and anxiety. Stated concerns included:

- Difficulties commenting on options without knowing the final detail, ie. financial and community impact.
- assumption that there will be a loss of local towns/voice/place.
- Informed from the top down, rather than the ground up – the Review needs to listen to the voice of the people.
- Some previous amalgamations weren't popular.
- Shifting council authority away from local planning.
- Fear of reduced service quality.
- Loss of accountability to the community – direct voice to elected members.
- It's just a lack of resources – they (councils) need more money.
- Fear of diminished local workforce.
- Mergers of financially and non-financially viable councils.

> **"Amalgamations frighten me."**
>
> Longford community session, February 2023

Despite local government being the closest level of government to the community, most community members did not feel their voice is being heard, or listened to, by elected members or council staff. Many community members mentioned the need for greater transparency by council around decision making, and not just when a decision has already been made. Some felt that their council is accessible and approachable, valuing its local knowledge and staying connected to the community and were afraid this would be lost in any reform.

Many members discussed the changing nature of council communication with the community. While the use of Information Technology is cost effective, a few noted that it doesn't capture all residents. However, some councils are taking a more strategic approach to community facilitation, changing their culture from within.

A significant proportion of participants were confused (and frustrated) about what the roles and responsibilities of local government are compared with the State, mentioning:

- the disconnect between the two spheres of government around the state planning scheme.
- taking on State Government service delivery to fill gaps (e.g., local government involvement in supporting a general practitioner practice to stay in the town).
    - Many did think that their councillors should better advocate on these issues to other tiers of government.

When asked what areas need changing or improving, the community said:

- A better process or mechanism so that community voice is heard by council.
- Professionalism of councillors and staff – a higher level of integrity, transparency, and accountability particularly around reporting, service delivery and decision making
- Improved councillor relationship with 'all' residents, including the elderly, through outreach and investing in outlier township connections.
- Better communication and information exchange, including timely access to meeting schedules and agenda of council meetings.
- Local planning – this issue came up time and again through the sessions.
- Improved fairer representation (some townships have none) like a ward or precinct representative system.
- A community facilitation strategy that is linked to cultural change.
- A fifty/fifty turnover in the election of councillors.
- Electing mayors by popular vote is problematic.

2. What are the main challenges into the future?

"I worry about the future for our children and grandchildren."

Community member, Sorell, February 2023

In discussing the main challenges Tasmanian communities will face over the next few decades, stakeholders consistently mentioned:

1. Waste management
2. Climate change and the environment
3. Housing
4. Planning (maintaining local knowledge and voice, land use, strategic coordinated support for large projects, building local expertise/ training, state accountability to improve the scheme, designing housing infrastructure that mitigates future climate change events such as flooding)
5. Infrastructure – maintenance, replacement, and new
6. Population changes (projected decline, ageing, sharp levels of regional growth, mobile workforce (drive in/and out))
7. Workforce and human resource issues (skill levels, job security, remuneration/ competitive industry wages, training, attracting staff)
8. Economic viability
9. Information Technology (changes and access to)
10. Cost of living
11. Wellbeing and recreation

Many of these challenges are interrelated, ie. population fluctuations mean a lack of housing stock that exasperates planning and infrastructure needs.

Several participants highlighted:

- the impact of tourism and visitor numbers on current infrastructure, ie. roads.
- the need for greater coordination across all tiers of government is warranted in addressing the impact of climate change, but also the service gaps mentioned below.

Worth noting is the capacity of urban versus rural councils to address some of these future issues. For example, staff at Hobart council are already changing their structures, while other councils thought they are not well placed to respond to the future challenges identified.

Several rural and remote elected members, staff and community members raised service gaps or perceived 'downgrades' in areas traditionally the responsibility of other levels of government:

- health care (due to ageing population)
- educational options (school closures etc.)
- childcare
- transport.

Many thought that greater local government advocacy is required to address these service gaps appropriately by the right level of government, ie. "Why can we get a GP to come to our town when the state government can't!"

3. Structural reform options

After discussing the importance of local government in serving its community and the future challenges our community faces over the next few decades, stakeholders were then asked to consider which of the three structural reform options best addressed them. They are:

1. Significant (mandated) sharing and consolidation of services across twenty-nine councils.
2. Boundary consolidation to create fewer, larger councils.
3. A 'hybrid model' model combining some targeted sharing of services and targeted boundary consolidation.

What did elected representatives, council staff and the community say?

Across the three groups, discussions focused mainly on the strengths and weaknesses of Options One and Two as the third is essentially a combination of both. Most views were similar across the options, and these are summarised below. Some notable differences of opinion/issues to consider in terms of some of Tasmania's rural and remote local government areas are reported separately.

- A few participants did feel that the options presented all required modelling based on financial, administrative systems and client impact. They thought it was difficult to provide substantive comment in the absence of that information.

"Is this about working state-wide or staying local with more state-wide support?"

Council staff member, 13 February 2023

Option one – mandated shared services.

For those councils already involved in a level of service consolidation or sharing, most elected representatives and staff say it works, particularly for the smaller councils like West Coast, ie. TasWater, engineers and King Island via the Cradle Coast Authority. Many noted that greater shared servicing could be of real benefit to staff, ie. training and professional development, remuneration, as well as reducing consultancy costs.

There was clear support for consolidating 'back end' operational systems, such as:

- Payroll
- Auditing
- Finance
- Human resources
- Information technology, including cybersecurity.
- Specialist staff (engineers, planners, all professionals)
- Asset management, including infrastructure.
- Planning (strategic versus local activity)
- Legal services
- Purchasing/procurement, ie. car chargers, climate change initiatives
- Project work
- Compliance
    - People's views varied on whether civil works should be included.

Table 1 provides a summary of the strengths and weaknesses expressed by stakeholders when discussing this option.

Table 1 – Mandated shared servicing – sector and community forum comments

Strengths	Weaknesses
• Increased purchasing power. • Greater consistency. • Capability to put more services into the community. • Greater opportunities for staff development. • Builds a strategic workforce. • Reducing consultancy costs. • Capacity to benchmark performance. • Can adopt what is already there at the State government level. • Improved workforce/staff development opportunities. • Network of experts to build our people. • Better support for large scale cross boundary planning. • Development of standards, e.g., waste collection, bushfire etc. • Fill skill gaps – potentially through working groups or mentorships.	• Reduced accessibility to the community. • Increased costs. • Dilution of accountability to the community. • Perceived or real job losses. • Loss of control and contact at local level. • Consolidating some systems, such as IT, will be complex and costly to implement. • Loss of innovation and diversity. • Service level agreements will dictate the level of service provided locally. • Local job losses. • Council culture. • Doesn't solve governance issues. • Loss of agility and timeliness. • Staff turnover. • Unreliable internet limits remote service sharing.

In terms of shared client services on a regional or state basis, the following were regularly mentioned:

- Waste management (probably the most popular of suggestions)
- Emergency services.
- Environmental Health Officers (EHOs).
- Information technology functions
  - These were supported if the state government funds implementation.
  - Some participants did not support mandating of shared services, "we don't want to sign up for arrangements if we don't like them."

To implement this option, a few mentioned the establishment of a regional authority:

- potentially set up as a corporation to share service delivery.
- develop minimum service standards.
- have up to eight councils working together but they can't pull out.
  - Others thought that sharing of resources should not be regional but statewide, based on other criteria such as need or 'like for like'.

"Rural and remote councils have lots to share, we just need to think differently. Not power over but power with."

Elected member online, February 2023

Option two – Boundary consolidation

"I think we should have five local government areas in thirty years' time."

Sorell community session, February 2023

While plenty of the discussion centered around previous attempts (successful and unsuccessful) to amalgamate councils in Tasmania, as well as recent mainland state reform, many participants felt that there are benefits for Tasmania in some boundary changes. Some exceptions were expressed in relation to those that are already large or geographically isolated areas, e.g., West Coast, Flinders, and King Island. Some participants also avoided substantive discussion on option two altogether, discounting it early in terms of addressing future challenges, given the diverse types of existing councils and communities.

Mentioned often was that increasing scale doesn't save money but does build capability and a stronger collective local government voice. A critical risk is merging councils/boundaries where one is not financially sustainable. Table two provides a summary of other strengths and weaknesses expressed by stakeholders when discussing this option.

Table two – boundary consolidation – sector and community forum comments	
Strengths	**Weaknesses**
· Greater resources. · Finding common ground/ coordination. · Strategic regional focus. · Can be highly beneficial for urban areas. · Service profile changes with the state government. · Business redesign opportunity. · Larger more powerful advocacy voice.	· Tyranny of distance for rural and our islands - the administrative reality of sharing staff and resources with a larger mainland council. · Perceived limit to benefit to the rural communities. · Loss of local, place and connection. · Less democratic – must ensure no reduction in local representation. · In other states this has failed. · Inequity in service delivery, e.g., transport costs to the islands will mean less services. · Impact based on other councils' debt. · Political will. · Job losses.

To implement this option, people thought we need to:

- Get the scale right.
- Maintain local voice.
- Clearly respond to 'capital debt' differences between councils.
- Have full financial transparency.
- Plan for divergent rate bases.
- Deal with the drain of local elections on council budgets and staff.
- Maintain local jobs.
- A commitment to review the form and structure following implementation.

Option three – the 'hybrid' model

Generally, this is the preferred option for most participants, as it was seen as building the capability of regional areas and efficiencies in urban areas, retaining some flexibility and local voice.

People saw benefits in the purchasing power and strategic capability that local councils could have around key issues such as climate change, bulk ordering, fleet, or waste management. What they want to keep is a rural and regional focus and maintaining local services. In this respect, colocation or service sharing with other government services was suggested, ie. greater partnering arrangements with Service Tasmania.

Table three provides a summary of the strengths and weaknesses expressed by stakeholders when discussing this option. This information should also be read in conjunction with previous option summaries.

Table three – hybrid model – sector and community forum comments (read with Tables 1 & 2)

Strengths	Weaknesses
· Joint voice. · Benefits for things like emergency management. · Reducing wastage on IT and payroll across councils. · Increased partnership arrangements. · Improved employment conditions with scale. · Improved governance arrangements.	· Potential loss of control and existing scale benefits if too many shared services. · Loose local connections if councils too big. · Resentment from community if 'eaten up' by bigger councils. · Complexity of sharing some services, e.g., IT. · Level of resourcing required to implement.

Key points:

For stakeholders, in addition to the strengths and weakness identified above, what came through across session discussions is that a 'one size fits all' approach to local government reform in Tasmania is not optimal, given that there was a view that:

- some mandated service sharing will be extremely costly and complex to implement regionally or statewide.
- urban, rural, and remote local government areas vary in population, geography, culture, wellbeing, and economic circumstances.

In terms of boundary changes, the most likely benefit would be around urban surrounds.

Initial key priority areas identified for shared servicing, coordination or strategic partnership arrangements are:

- waste management
- payroll
- professionals (engineers)
- planning
- Information technology functions

"We've got to work together better for the whole of Tasmania."

Elected member, February 2023

Rural or regional perspectives to be aware of?

Through this round of forum discussion, the following rural and regional issues were raised:

- Boundary changes to incorporate urban with rural/regional areas were not well supported given the communities they serve.
  - Urban areas are generally better structured and resourced to address future challenges than rural/regional local government areas (mainly in the here and now, dealing with core services).
- Some West Coast, King Island, Central Highlands and Flinders Island participants thought that boundary changes to already large, or isolated, geographical areas wouldn't necessarily improve their circumstances.
  - King Island also noted that they need to increase capacity and that shared services on a regional basis through Cradle Coast Authority has been beneficial.
- Flinders Island has a large indigenous population and history that requires special attention.
- Equitable recompense for mining activity:
  - West Coast is seeking financial recognition for its contribution to the wealth of the state (e.g., mining royalties).
  - Under longstanding agreements, King Island receives an inconsistent mix or royalties:
    - a royalty for sand extraction
    - Stipend (not indexed) for its mine while the state government receives the royalties.
- Regional areas (the Islands and Southern Midlands) believe they have invested heavily in creating a distinct brand.
- Tasman community historically opposed amalgamation – 70% vote against it.
- State government recognition of cost challenges on the islands are not consistent, e.g., Hydro charges a different rate for the islands compared with a flat rate charged across Tasmania by TasWater.
- In terms of representation, seven councilors for King Island are sufficient.
- Lack of skilled staff, a system of mentoring with other larger councils and agencies.
  - Not negotiable for all – retaining local voice.

Were there any ideas?

Already mentioned elsewhere in this report, elected members, council staff and the community suggested areas of improvement to local government governance and operations (see Voice of the Community). Key ideas suggested by stakeholders are:

- To ensure fair representation, establish a 'ward' or other equitable representational based system (but with more effective, modern tools and systems, noting that this may not work on the islands).
- Provide a definition of community.
- A good legislative backbone to support the reform.
- An induction package for elected representatives.
- Changes to the length of councillor terms as well as staggering their elections (half in/half out).

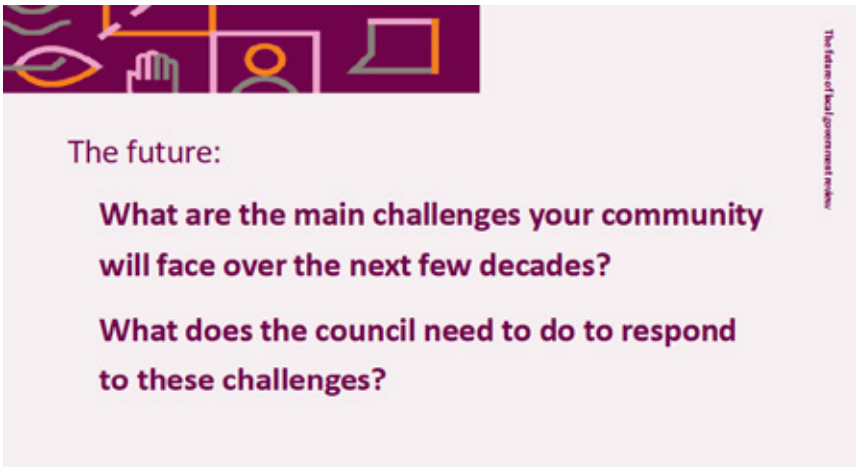
- Develop or preserve a:
  - mechanism or body for ratepayers, and
  - third-party appeal process for planning issues.
- In any structural reform, mandate the use of community plans to ensure rural and regional voices are still heard.
- Focus on the why? - a strategic approach to improving services to the community.
- A statewide award system to achieve consistency in wages offered.
- Develop partnerships arrangements with the Commonwealth Department of Human Services and Service Tasmania.
- Consider sharing skills and training not only across Councils but with multiple agencies.
- A central SharePoint site (coordinated by LGAT) to share common resources (e.g., templates, best practice guides, legal advice).
- Planning – option to refer to an expert independent panel.
- Develop reform **criteria or principles** (for boundary changes) based on:
  - Community of interests/commonalities
  - Sustainability
  - Culture
  - Resource sharing not profit sharing.
  - Based on need.
  - Maintaining local voice.
  - Equity.
- **Measures of success** need to be developed beyond just efficiencies/savings:
  - Capacity
  - Compliance
  - Community satisfaction
  - Capability – to undertake the work.
- **Other options:**
  - draw up new city councils and service outer regions to improve resourcing.
  - Regional model approach with one council and seven regions – essentially another level of state government
    - or supporting 3-4 councils
    - or regional council with 7 councillors and local wards at each township
    - or by 2030, have five councils.
    - or 3-5 regional councils like New Zealand
  - For King/Flinders Island, a formal and binding agreement, perhaps establishing a corporation with key state agencies and industry providers such as Telstra/ Aurora to share resources and skills.
    - A hub for remote shared services or regional authority
    - Replacing a General Manager with an administrator for both islands, supported by local island advisory groups instead of councillors.
- **Giving reform a chance:**
  - Regardless of the chosen approach, all councils need to sign up to the reform and implementation agenda until 2030.

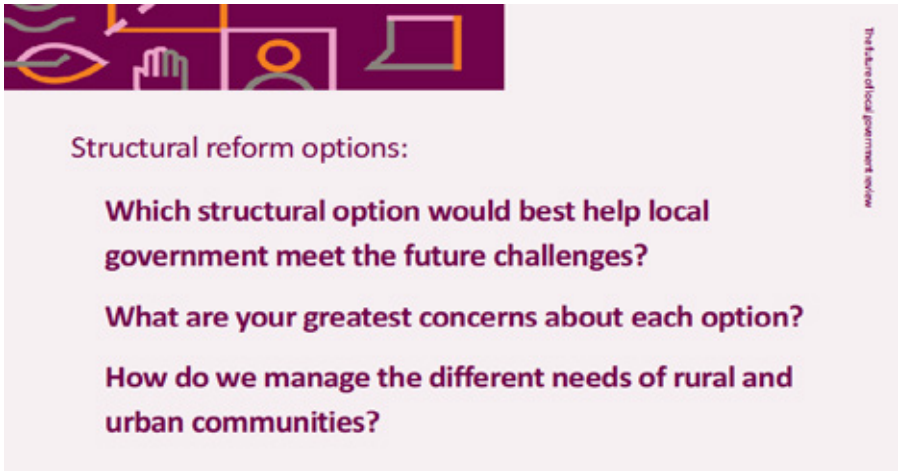
Appendices

Table Four: February 2023 sector and community meetings, number of participants by stakeholder group

Session date and location	Number of participants			
Stakeholder group	**Elected representatives**	**Council staff**	**Community members**	**Total**
Wednesday 1 February - Queenstown	8	27	17	52
Thursday 2 February - Ulverstone	28	23	13	64
Monday 6 February - Kingston	14	15	31	60
Tuesday 7 February - Sorell	14	7	9	30
Wednesday 8 February - St Helens	NA	NA	7	7
Thursday 9 February - Bicheno	10	16	18	44
Tuesday 14 February - Bothwell	8	25	40	73
Wednesday 15 February - Longford	17	16	22	55
Monday 13 February – Online	16	16	3	35
Tuesday 14 February – Online	7	5	5	17
Wednesday & Thursday 22-23 February – Flinders Island	6	5	13	24
Thursday 2 March – King Island	6	6	0	12
Total	**134**	**161**	**178**	**473**

Key questions for elected representatives and council staff





Key questions for community members

Your local voice:

What is most important about how local councillors represent you?

Do you think your voice is being heard? Is there anything you would change?

The future:

What are the main challenges your community will face over the next few decades?

What does the council need to do to respond to these challenges?

Structural reform options:

Which structural option would best help local government meet the future challenges?

What are your greatest concerns about each option?

How do we manage the different needs of rural and urban communities?

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Appendix 3 -
Specific Reform Options – Details of Responses, Option Status and Further Work

Reform Outcome 1 – Councils are clear on their role, focussed on the wellbeing of their communities, and prioritising their statutory functions

Options under this Reform Outcome are focused on improving local government role clarity, genuinely embedding broader community wellbeing considerations into council strategic planning, and improving transparency in decision-making around significant service and infrastructure decisions.

	Option	Sector and stakeholder response	Option Status and Further Work for Stage 3
1.1	Establish a Tasmanian Local Government Charter which summarises councils' role and obligations, and establishes a practical set of decision-making principles for councils	There was broad, in-principle support for the Charter concept, subject to ensuring that it acts to streamline and simplify the legislative framework the sector operates within (and does not amount to 'a new layer' of complexity). A number of submissions stated that a Charter would be beneficial for the sector in consolidating the multiple functions of councils spread across a complex suite of legislation into an overarching 'duty statement'. It is also recognised that a Charter could help create consistency across the sector and depoliticise local level decision making. Benefits of greater consistency include enhancing councils' performance, creating greater understanding and capability among elected representatives, and supporting the building of housing and operation of businesses.	The Board will develop and test core principles for inclusion in the Charter and develop a clear picture on how it would practically operate to inform key elements of the governance, performance management, and regulatory compliance frameworks for the sector. As proposed by the Board in its Options Paper, it is expected the Charter would be incorporated in any new Local Government Act to replace the existing definition of councils' role. The Board notes that the development of the finer details of the Charter would be done in collaboration with the sector and would be implemented in a way which retains councils' ability to be responsive to local needs and develop innovative solutions to local issues.

	Option	Sector and stakeholder response	Option Status and Further Work for Stage 3
1.2	Embed community wellbeing considerations into key council strategic planning and service delivery processes	There is broad and general support for both clearly acknowledging and deliberately accounting for local councils' crucial role in supporting community wellbeing. However, this support is subject to councils being properly funded to deliver the functions and services that will make the biggest impact to wellbeing outcomes. The Board heard councils' capacity is currently limited due to a lack of clear mandate and associated funding streams. Role delineation and clarity is seen as crucial, especially between levels of government.	The Board will consider how community wellbeing can be meaningfully embedded as a core design element in the proposed Charter, and how that then flows through to councils' strategic planning and community engagement frameworks more generally. Linkages to the proposed performance management framework (Option 3.2) will also need to be considered to ensure accountability and transparency around any specific council wellbeing obligations and activities. The Board will also work with the Department of Premier and Cabinet to understand how this proposal can align with and support the broader wellbeing framework currently under development.
1.3	Require councils to undertake Community Impact Assessments (CIAs) for significant new services or infrastructure	There was strong support for the principle of improving consultation on, and transparency around, major council decisions. However, concerns were raised that a mandated, prescriptive process could impose an unreasonable 'red tape' burden on councils. Further, it was identified that meaningful assessments would be contingent on high quality data and councils being genuinely committed to the process. Both elements require further capability development across the sector.	Having reflected on the feedback on this option and considered further the practical challenges of a 'mandated' impact assessment process, the Board has decided that this option will not be developed on a 'standalone' basis but will instead be included as part of the broader design work around improving the local government performance management and community engagement frameworks (Options 3.1 and 3.2). The Board will look to models used globally to assess the local community impact of major investment decisions to inform this design work.

Reform Outcome 2 - Councillors are capable, conduct themselves in a professional manner, and reflect the diversity of their communities

Options under this Outcome are focused on lifting the individual and collective skill and professionalism of elected members, ensuring the community is confident that bad behaviour will be dealt with appropriately and swiftly, and enhancing the overall representativeness of the systems and processes for electing local councillors.

	Option	Sector and stakeholder response	Option Status and Further Work for Stage 3
2.1	Develop an improved councillor training framework which will require participation in candidate pre-election sessions and, if elected, ongoing councillor professional development	This option received almost unanimous support across submissions. It is broadly accepted that the sector and communities would benefit from having councillors with stronger capability and a better understanding of their role, as well as the role of councils.	The Board notes there have been significant developments in this area since commencement of Review, with the Office of Local Government (OLG) and the Local Government Association of Tasmania (LGAT) in discussions to establish a renewed training and education framework. The Board will maintain a dialogue with OLG and LGAT to understand the extent to which this option is already being progressed in advance of the Board handing down any formal recommendations, noting that mandating minimum training requirements for elected members will require legislative change to implement.

	Option	Sector and stakeholder response	Option Status and Further Work for Stage 3
2.2	Review the number of councillors representing a council area and the remuneration provided	There was broad consensus among submissions that the current allowances for elected representatives are too low. There was also broad support for a review of councillor numbers. However, divergent views were expressed on whether this should look at an increase in councillor numbers, or a reduction. A number of submissions from the sector also identified the potential for councillor numbers to be increased to support representation in the event that larger councils are established.	Councillor number and remuneration reviews will need to be undertaken in the context of any structural change proposal. Clearly, any move to larger councils representing bigger constituencies and managing more assets and services would require further, detailed technical work to determine appropriate governance structures, including the number and remuneration of elected members. In Stage 3 the Board will consider the appropriate principles and processes for driving that technical review work.
2.3	Review statutory sanctions and dismissal powers	Again, this option received overwhelming support, with many citing recent high-profile media attention surrounding the behaviour of some councillors as justifying need for reform in this area. Many submissions also noted the need for reform of the Code of Conduct process, which is perceived as having insufficient weight in dealing with poor behaviour.	The Board is aware of work being undertaken by the State Government to expand the statutory powers of the Minister for Local Government to investigate and dismiss a councillor for misconduct in certain circumstances. The Board will maintain a close dialogue with OLG to understand the extent to which this option is already being progressed in advance of the Board handing down any formal recommendations. The Board also notes that there is currently a Bill before the Tasmanian Parliament to address a range of issues with the Code of Conduct framework, identified via a recent targeted review. For this reason, it does not currently intend to direct any recommendations towards the Code of Conduct framework.

	Option	Sector and stakeholder response	Option Status and Further Work for Stage 3
2.4	Establish systems and methods to support equitable and comprehensive representation of communities	There was broad support for looking at models that improve the overall representativeness of the system that is used to elect councillors, even where the current council boundaries are retained. There was a level of support for the formal re-introduction of 'ward' systems to address perceived imbalances in representation, both within current local government areas (LGAs) and in any future structural model. However, there was also a level of caution expressed by rural councils, that wards can fragment and factionalise councils and undermine decision-making that is based on improving 'whole of community' outcomes (and instead encourages 'own patch advocacy').	There is a significant component of this option which will be contingent on where the Board ultimately lands with its broader structural reform recommendations. Wards or electoral districts may have a part to play in managing any structural transition and will be considered accordingly. However, at face value, the Board is not convinced that wards or electoral districts are necessarily the best or only option for improving local level representation. The Board is keen to better understand the potential of other more contemporary models that it has identified through its research. The overriding objective of any proposal flowing from this option will be to maximise broad-based community engagement and participation, while avoiding fragmentation and division within the communities councils are elected to serve.

Reform Outcome 3 - The community is engaged in local decisions that affect them

Options under this Outcome are focused on improving transparency around council performance (particularly for service standards and quality), and ensuring councils engage frequently and genuinely with their communities on a range of important strategic, budget, and service level decisions.

	Option	Sector and stakeholder response	Option Status and Further Work for Stage 3
3.1	Require consistent, contemporary community engagement strategies	Most submissions from councils, community members, and peak organisations supported this option, with general agreement that engagement plans should be mandated, and that councils had significant room to improve in how they engage with their broader communities. Many did note, however, that smaller councils - due to their inherent capability challenges -may need to be better supported in developing and delivering their strategies.	The Board notes that a new statutory requirement on councils to consult on, establish, maintain, and regularly review community engagement strategies is an agreed reform from the Local Government Legislation Review. In general terms, the Board believes that – despite some stakeholder concerns to the contrary - structural consolidation has the potential to improve the quality and reach of council engagement because of increased organisational capability. However, there is a need to ensure that any statutory requirements strike the right balance between ensuring a minimum, consistent level of engagement across all councils, and ensuring local flexibility is retained to meet genuine community differences and preferences. In Stage 3, the Board will develop a position on what that balance looks like in practice, and how community engagement processes and practices will align with the proposed Charter and other key elements of councils' governance and performance management frameworks. In Stage 3, the Board will also consider ways to ensure the intent of option 1.3 (Community Impact Assessments) is captured as part of any recommendation that flows from this option, but in a way that provides sufficient flexibility for local communities.

	Option	Sector and stakeholder response	Option Status and Further Work for Stage 3
3.2	Establish a public-facing performance reporting, monitoring, and management framework	There is broad consensus the existing suite of local government financial, asset management, and service metrics are inadequate and inhibit genuine scrutiny of councils' absolute and relative performance. The need for a new framework drawing on the substantial work that has been done in other jurisdictions has almost universal support (noting that this on the assumption that any new reporting arrangements must replace, and not simply be built on top of, existing obligations).	The Board is firmly of the view that a contemporary, best practice local government performance reporting and monitoring framework is well overdue in Tasmania. Its development and prompt and effective implementation and oversight will be a critical centrepiece of any reform package to support continuous improvement in the sector. It is essential to improve current reporting and monitoring deficits (particularly around service levels and quality), but also to allow for tracking of individual council and whole of sector performance. In Stage 3, the Board will further develop and refine its thinking on the essential core components of such a framework, and how it believes it should be implemented and supported. Careful consideration of the roles and resourcing of OLG, the Tasmanian Audit Office (TAO), and council audit panels in overseeing the framework will form part of this work. The Board expects finer-grained detail - such as specific, appropriate metrics and benchmarks – would need to be developed by OLG and TAO, in consultation with the sector.

	Option	Sector and stakeholder response	Option Status and Further Work for Stage 3
3.3	Establish clear performance-based benchmarks and review 'triggers' based on the public-facing performance reporting, monitoring, and management framework	There is broad support for the establishment of clear performance indicators and benchmarks as part of a new, contemporary performance reporting and monitoring framework under Option 3.2.	The Board will consider further as part of its work to develop Option 3.2 how any benchmarks established under the new framework should be used to inform regulatory and service performance oversight and/or interventions. Therefore, the Board has determined that Option 3.3 will be 'rolled up' as part of the broader process of refining Option 3.2. The new performance framework should support a more efficient, risk-based set of regulatory oversight and intervention measures. In Stage 3, the Board will develop a clearer position on how that might work in practice, including in relation to the activation of new 'early intervention' measures already agreed under the Local Government Legislation Review (e.g. the appointment of financial supervisors). The Board is not inclined at this time to proceed with the concept of specific legislated 'trigger points' for intervention, noting that regulators should retain sufficient flexibility to respond to issues and risks as they emerge (as well avoiding the incentive to 'game' benchmark measures that such strict triggers might promote).

Reform Outcome 4 - Councils have a sustainable and skilled future workforce

Options under this Outcome are focused on addressing structural workforce challenges in the local government sector, including growing skills gaps and shortages (particularly in areas like planning and civil engineering). While these workforce challenges are not unique to local government, putting in place deliberate strategies and plans to address them will be essential to ensuring councils have the capabilities they need to continue to deliver high quality services to communities.

	Option	Sector and stakeholder response	Option Status and Further Work for Stage 3
4.1	Implement a shared State and local government workforce development strategy	Most public submissions supported this option, noting that it would help recruitment and career advancement in local government. It was cited that it may lift the standards of local government workforce, should support increased skill and training and would open up broader potential for developing new experience and skillsets. It was also noted that this option would support cost sharing for training and development. There was hesitancy about this option from some councils, noting that the option looks at workforce shortages too narrowly, and would not resolve the issue of council or State Government competing with the private sector for workers.	The Board suggests that building the experience and skillsets of local government staff would allow councils to be more responsive to their communities. However, we also note that local and State Government have different workforce priorities and needs. The Board has determined that a shared local government and State government workforce strategy is likely to be simply too ambitious, unwieldy, and unfocused. Instead, the Board believes the focus should be on a dedicated local government workforce development strategy, with opportunities for partnerships and linkages with the State – as well as the community and private sectors - identified and pursued where it makes sense and there are clear benefits to doing so. In Stage 3, the Board will consider the high-level components that need to form part of a strategy, and a clear plan for how we believe it should be developed and implemented. This is likely to include recommendations on governance arrangements involving key industry, union, and state government representatives.

	Option	Sector and stakeholder response	Option Status and Further Work for Stage 3
4.2	Target key skills shortages, such as planners, in a sector-wide or shared State/local government workforce plan	Responses to this option were generally supportive, but were typically couched in terms of the broader workforce development strategy (which would be the vehicle for identifying the main focus areas for the targeting of specific skills shortages).	As noted above, this option will be incorporated into the revised approach to developing Option 4.1.
4.3	Establish 'virtual' regional teams of regulatory staff to provide a shared regulatory capability	Most submissions supported this option, noting that it had the potential to help smaller, under-resourced councils to obtain more objective, expert planning or building consultatory services. However, there was a view expressed across several submissions that this option could also dilute capability at the individual council level and place shared regulatory staff under increased pressure and competing accountabilities/demands.	This option may be one possible action flowing from the proposed workforce strategy. However, the Board's view is that it premature to start selecting specific initiatives prior to that more detailed work being done. This type of approach will instead be considered as part of the Board's consideration of potential shared services models, in the context of its structural reform design work.

Reform Outcome 5 - Regulatory frameworks, systems and processes are streamlined, simplified, and standardised

Options under this Outcome are – first and foremost - focused on addressing perceived and actual tensions between councillors' roles as community representatives and advocates on the one hand, and members of technical planning authorities on the other. They are also focused on improving the quality and consistency of other regulatory functions undertaken by councils, by both addressing issues with the frameworks councils must operate within, and the resourcing and performance of those functions generally.

Please note that, following receipt of this Stage 2 Interim Report on 31 March 2023, the Minister for Local Government has amended the Terms of Reference for the Review in relation to the specific issue of councils' role in assessing development applications under the *Land Use Planning and Approvals Act 1993*. The Minister has advised the Board the issue will no longer be included within the scope of the Review. He has instead referred the matter to the Minister for Planning for further consideration and consultation as part of the Government's ongoing planning reform agenda.

	Option	Sector and stakeholder response	Option Status and Further Work for Stage 3
5.1	Deconflict the role of councillors and planning authorities		
5.1a	Refer complex planning development applications to independent assessment panels appointed by the Tasmanian Government	Those who supported this option noted complex decisions must be based around professional opinion and compliance with planning schemes, to provide consistency and confidence for the community and proponents. Supporters of this option hold the view that the current system contains an irresolvable tension, where councillors are put in the difficult - in not impossible - position of having to set aside their role as a community advocate when making technical assessments under the planning scheme. A number of submissions pointed to the challenges inherent in consistently defining 'complex or contentious' development applications for referral. that, while the Options Paper identifies categories of complex DAs for referral, there needs to be robust metrics for consistently identifying and referring these kinds of applications.	The Board would like to test further the extent to which the current tension between councillors' roles as advocates and planning authority is leading to undesirable, inconsistent or perverse planning outcomes. The assessment panel option remains as an option, but if it is to proceed will require significant technical design work to ensure processes are clear, transparent, and efficient. See section 4 of the Main report for detailed discussion on the Board's approach to planning-related reforms

	Option	Sector and stakeholder response	Option Status and Further Work for Stage 3
5.1b	Remove councillors' responsibility for determining development applications	A number of submissions from community members considered that councils have 'too much power' over proposed developments. Many submissions cited larger urban councils in particular as acting as adversaries to development or innovation, as opposed to an independent planning authority, and demonstrating inconsistency in their planning decision making. It was also noted that councillors don't have the expertise or time to consider the complex documentation and criteria underpinning planning. A significant number of councils, and some interest groups and organisations, strongly oppose the removal of development application assessment from councils.	This option remains open for consideration as part of the proposed assessment panel approach (see Section 4 of the Main Report). Were that model to proceed, elected members would no longer have a role in assessing development applications – they would be determined by either council planning officers under delegation, OR the independent assessment panels. Elected members would still be involved in strategic land use planning decisions and would be empowered to make representations (and third-party appeals) on behalf of their communities in relation to any proposed developments without being constrained by having to act as a planning authority under the Act. If this option is to form part of any reform package, the Board will need to clearly establish how it would interact/integrate with existing major projects/state significance legislation.
5.1c	Develop guidelines for the consistent delegation of development applications to council staff	This option received broad support generally and was not considered controversial, given it simply seeks to apply a greater level of consistency and transparency around where and when development applications are considered by elected members, rather than delegated to planning officers.	As explained in Section 4 of the Main Report this option will proceed if the Board determines it does not wish to recommend fundamental changes to the role of elected members in the development application assessment process.

	Option	Sector and stakeholder response	Option Status and Further Work for Stage 3
5.2	Greater transparency and consistency of councils' resourcing and implementation of regulatory functions	There was broad support for greater transparency and accountability and increasing community confidence in how regulatory decisions are being made. Inequity in service levels and provision, both between councils and within them, was raised as an issue that needs to be addressed. The need for better resourcing for councils to deliver these functions was also raised as a solution.	Given this option is principally a reporting and transparency measure, the Board considers it is more appropriately consolidated into the broader work to the develop the contemporary performance management and improvement framework under Option 3.2. Resourcing of regulatory functions is principally a capacity and capability question and will be addressed in the context of the Board's broader structural reform design work.
5.3	Increase support for the implementation of regulatory processes, including support provided by the State Government	Feedback given in support of this option noted that State and local government should work closely together, particularly as councils have had difficulty delivering regulation, and are expected to deliver increasingly more. This option would also support resourcing within councils. Some who were against this option suggested that regional communities find regulatory processes imposed by the state onerous, and that State Government support may fail to understand rural nuances applied to delivery of regulatory services. Others noted that 'support', may prove to be State Government taking control of council delivered regulatory processes.	The Board believes this option needs significantly more detailed consideration, and the nature of any recommended reform is also likely to be highly contingent on future structural design models. The Board will need to consider and form a view on what 'support' is necessary in the context of structural reform recommendations. For example, it may include training for council officers, better resourcing of advice/ support to councils from state agencies, simplified regulatory requirements or, potentially, a combination of all these elements.

	Option	Sector and stakeholder response	Option Status and Further Work for Stage 3
5.4	Strengthen connections between councils' strategic planning and strategic land-use planning by working with State and Commonwealth Governments	It is agreed that 'big-picture' strategic land use planning and infrastructure development would benefit from input by all spheres of government. It was also accepted that greater consistency is needed on a regional and state-wide basis, as neighbouring councils work in isolation and inconsistently, generally at the expense and interests of the State as a whole. Those who argued against this option suggested it could potentially add cost and cause delays to land use planning processes.	The Board considers the nature and scope of this option recommendation will be highly contingent on any structural reform recommendations, given the need for complex multi-council arrangements becomes less critical as LGA size increases to take in more of a given region. The Board's view is that appropriate models for strategic regional governance on planning and infrastructure matters will need to be develop alongside and in support of any new proposed structural design for the sector. It is therefore proposed that the development of regional governance models is integrated as part of that design work in Stage 3.

Reform Outcome 6 – Councils collaborate with other councils and State Government to deliver more effective and efficient services to their communities

Options under this Reform Outcome recognise that a significant and increasing number of the major policy challenges councils face will be more effectively tackled through joint collaborative effort at a regional or even State-wide level, with councils partnering with each other and the State Government via robust, transparent, and valued governance frameworks.

	Option	Sector and stakeholder response	Option Status and Further Work for Stage 3
6.1	Require councils to collaborate with others in their region, and with State Government, on regional strategies for specific agreed issues	Most councils and stakeholders supported this option, signifying a desire for the sector to work more closely together, and in more structured and formal partnerships with the State Government. However, the concept of 'compelling' councils and others to work together was viewed as counterintuitive by some, noting that collaboration should be done voluntarily based on agreed mutual benefit. Some councils noted that the extent to which regional collaboration will be required is contingent on any structural reform outcomes	The Board considers the nature and scope of regional governance reform models will be highly contingent on any structural reform recommendations, given the need for complex multi-council arrangements becomes less critical as LGA size increases to take in more of a given region. The Board's view is that appropriate models for strategic regional governance on planning and infrastructure matters will need to be develop alongside and in support of any new proposed structural design for the sector. It is therefore proposed that the development of regional governance models is integrated as part of that design work in Stage 3.
6.2	Establish stronger, formalised partnerships between State and local government on long-term regional, place-based wellbeing and economic development programs	See above	See above
6.3	Introduce regional collaboration frameworks for planning and designing grant-dependent regional priorities	See above	See above

	Option	Sector and stakeholder response	Option Status and Further Work for Stage 3
6.4	Support increased integration (including co-location) of 'front desk' services between local and state governments at the community level	There was general support for this concept for its potential to deliver more efficient user-friendly services. However, several submissions noted that the respective accountabilities of State and local government needed to remain clear, and that any shared service presence should not result in a 'cost shift' to local government from the State.	The Board has become aware of work underway by Service Tasmania to look at increased integration opportunities and will be engaging with the Department of Premier and Cabinet to understand this further as it moves into Stage 3 (see section 4 of the Main Report for more detail).

Reform Outcome 7 - The revenue and rating system efficiently and effectively funds council services

Options under this Reform Outcome focus on ensuring our system of local government is underpinned by a revenue and rating system that is equitable, efficient, transparent, and sustainable.

	Option	Sector and stakeholder response	Option Status and Further Work for Stage 3
7.1	Explore how councils are utilising sound taxation principles in the distribution of the overall rating requirement across their communities	There was general support for a review of rating requirements based on equity considerations and increasing transparency in rating changes. Some instances were cited of rating approaches being inconsistent, unfair and opaque, particularly when it comes to rates increases. One submission also noted concerns with the fairness and adequacy of current concessions scheme. There was minor concern raised that any review would be used to justify rate increases.	Property taxes based on land value (which includes rates) are generally accepted as a highly equitable and efficient form of taxation. There is no suggestion at this stage that the Board would consider a fundamental move away from this form of taxation for councils. However, the Board will need to consider the implications for rating models and approaches as a key element of its broader Stage 3 structural reform design work.
7.2	Enhance public transparency of rating policy changes	As with all transparency-based reform options put forward by the Board, this proposal was generally well-received by the sector and community.	The Board will need to do further work in Stage 3 to develop and refine specific mechanisms and processes to deliver on this high-level objective. Potential components of a new framework could include more oversight and testing of rating changes by council audit panels (or potentially another, independent entity), and better public information about "who pays what" and how councils are allocating revenue to various services. The Board also notes that this option will align with and be supported by work to develop financial and service metrics as part of the new performance monitoring and management framework (Option 3.2).

	Option	Sector and stakeholder response	Option Status and Further Work for Stage 3
7.3	Examine opportunities for improving councils' use of cost-reflective user charges to reduce the incidence of ratepayers' subsidising services available to all ratepayers, but not used by them all	There was broad, in-principle support for this proposal, but some submissions suggested that cost recovery for regulatory functions can be difficult and is currently done unevenly. For instance, it was stated that planning and plumbing is generally done well, but other regulatory functions are currently paid for mainly from general revenue and tend to be under resourced as a result. Cost recovery through user charges was generally accepted as fairer for certain services, because currently there are cross subsidies via general rates revenue being applied to services that benefit a relative few. Where cross subsidies remain, there was a view that they should be transparent and this information made publicly accessible, and not just via councils' financial statements.	The Board does not currently have a clear or comprehensive picture of the extent to which councils are underutilising user chargers for services where they may be appropriate. The Board will consider further in Stage 3 what if any changes may be needed to support councils adopting user charges approaches (e.g., principles and guidelines for identifying candidate services and technical advice and support for setting fees and charges).
7.4	Consider options for increasing awareness and understanding of the methodology and impacts of the State Grants Commission's distribution of Federal Assistance Grants	Most submissions noted there is 'no harm' in raising awareness around grants allocation methodologies. There was also support for elected members having a better grasp of grant funding and financial matters more broadly (linked to support for elected member training and capacity building).	The implications of the current Financial Assistance Grant allocation methodology for proposed new boundary consolidation and shared services models will need to be considered in the context of the Board's broader structural reform design work in Stage 3. The Board will work closely with the State Grants Commission and Treasury as it seeks to understand these implications.

	Option	Sector and stakeholder response	Option Status and Further Work for Stage 3
7.5	Investigate possible alternative approaches to current rating models, which might better support councils to respond to Tasmania's changing demographic profile	While generally supported, there were some reservations as to what alternative models might be and how 'fair' is defined. The objective of improving equity and efficiency was supported and recognised as a way of supporting councils' long term fiscal strategies.	The Board will consider models in other jurisdictions – including deferred rating arrangements for pensioners – and whether they may have relevance to Tasmania. The Board will consult closely with Treasury on any matters relating to the existing pensioner concession scheme.

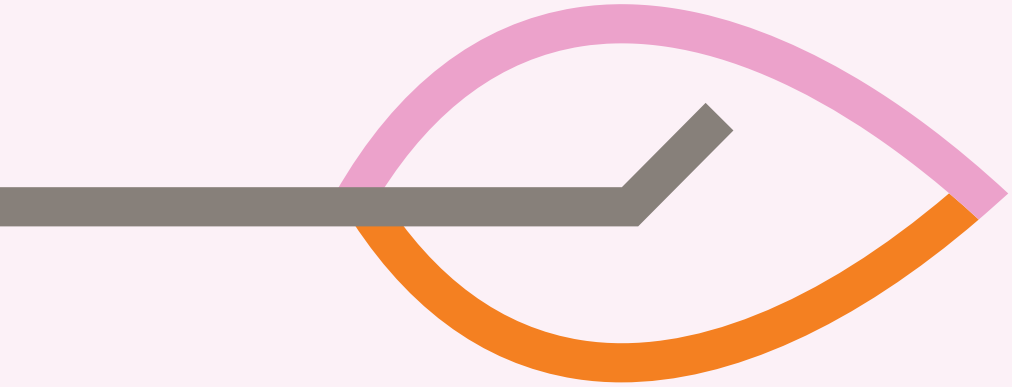
Reform Outcome 8 - Councils plan for and provide sustainable public assets and services

Options under this Reform Outcome seek to address the challenges many councils face in managing their substantial physical infrastructure assets. Councils have varying capabilities when it comes to the maturity of their strategic asset management processes and practices, and a lack of high quality and consistent systems and data across the sector can make it difficult to get a clear and true picture of existing and emerging asset renewal backlogs. At the same time, councils are under seemingly constant pressure from their communities to fund new infrastructure, and often this comes about when other tiers of government make commitments to fund or part fund new projects that councils then need to fund the maintenance for.

	Option	Sector and stakeholder response	Option Status and Further Work for Stage 3
8.1	Standardise asset life ranges for major asset classes and increase transparency and oversight of changes to asset lives	There was a general view that some standardisation would be useful, but also that lifetime estimation of assets is 'notoriously difficult', and often only councils are in the position to make accurate asset life assessments based on local geography and demand and use patterns. There was significant resistance to this proposal from some councils for those reasons. There was also a strong view that councils would need to be supported (including through funding) in implementing any new processes.	The Board still believes there is merit in pursuing asset life and system and process standardisation where it is reasonable and makes sense to do so. The Board acknowledges that standardisation cannot be completely rigid or absolute, and mechanisms would need to be put in place to allow for divergence in response to local circumstances. Further technical work is needed in Stage 3 to understand how this might be practically achieved.

	Option	Sector and stakeholder response	Option Status and Further Work for Stage 3
8.2	Introduce a requirement for councils to undertake and publish 'full life cycle' cost estimates of new infrastructure projects	This option received broad support from submissions, noting that it would help councils make infrastructure decisions in a transparent and structured manner (which some see as lacking currently).	The Board notes that the *Local Government (Content of Plans and Strategies) Order 2014* already requires councils to adopt whole of life costings for assets in their asset management policies. The core objective of this option is to increase the overall level of transparency to the community of major infrastructure investment decisions and their long-run financial implications for councils. The Board's current view is that this objective is best addressed as part of the broader design work for developing recommendations around the mandating of contemporary community engagement strategies (Option 3.1), which will necessarily include guiding principles, and minimum standard processes/practices.
8.3	Introduce a requirement for councils to undertake regular service reviews for existing services	There was, again, broad support for this option, but some noted issues, such as councils facing push-back from communities for saying 'no' to any infrastructure, even if it could be a burden in the future.	Any recommendation based on this option will need to consider matters of detail such as how often these reviews would take place, and how prescriptive any process would be. Again, the Board considers this option should be further developed as a component of the new performance monitoring and management framework and proposed mandated community engagement mechanisms (Options 3.1 and 3.2).
8.4	Support councils to standardise core asset management systems, processes, and software	There was general, in-principle support this option, but significant transition costs and complexity were noted, and the need for funding support to deliver standardisation was again raised.	In terms of structural reform, transition to a new set of LGAs would naturally require adopting common systems, platforms etc. This will be a key plank in the transition planning, which will likely require funding support from State Government.

The future of local government review



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