

27 February 2023

**By Email Only:** *Submissions.LGBoard@dpac.tas.gov.au*

To Whom It May Concern,

**RE: THE FUTURE OF LOCAL GOVERNMENT REVIEW- DISCUSSION PAPER**

Thank you for the opportunity to provide input to the review. This response addresses parts of the Discussion Paper and outlines reform outcomes considered relevant at this stage of the Review.

The Property Council agrees with the Board that the structure and activity of local government requires serious and sustained reform that focuses on improving benefits for the Tasmanian community.

For context, there has not been major reform to the Local Government structure since the 1990s, and it is the Property Council's belief that if local government continues to go unchallenged and unchanged, all other reforms will falter.

Twenty-nine councils and more than 281 councillors service a population of just over half a million Tasmanians. In comparison, Brisbane City Council, with its population of 2.15 million has only 26 councillors. The large number of councils and councillors means resource is wasted on duplicated services, over governance, and poor decision making. This is all subsidised by State and Federal Government funding and an ever-increasing burden of rates.

**Preferred pathway**

Local government faces many challenges including financial instability, infrastructure backlogs, choked revenue and outdated local government area boundaries. These challenges will not be overcome by a few minor tweaks around the edges.

Done properly, council amalgamation would bring enhanced strategic capacity, stronger financial sustainability, improved service delivery and better local democracy.

These reforms would not mean a diminished role for councils but would create stronger and larger councils that are better able to meet the challenges of the future and meet resident and stakeholder expectations.

We need local government to function well – and every independent report available says the case for reducing the number of councils is compelling.

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### **Regulatory frameworks, systems, and processes are streamlined, simple, and standardised**

Jurisdictional limitations have a direct detrimental effect on strategic decision making for council areas, sub-regional and regional communities in the conduct of events, providing infrastructure, achieving acceptable environmental standards and delivery of services.

There are several examples that are cited to underpin opportunities that can be capitalised upon when jurisdictional limitations change.

The first is the structural reform of local government in 1993. Communities such as Evandale, Richmond, Dover, Cygnet and Penguin have benefitted enormously because their current council, as a result of amalgamation, has significantly more capacity and resources to provide services, and undertake functions that were previously not possible.

The second example is the merging of water and sewerage services into a single authority. TasWater has the resources and capacity to remedy public health and environmental shortcomings as well as provide and upgrade infrastructure to communities across the State. Under the previous segregated model these services were worsening with no prospect for improvement.

Thirdly, waste disposal is another example where capacity building by establishment of joint authorities (Copping, Dulverton etc.) has enabled member councils to achieve efficiencies, environmental and public health standards that were otherwise beyond their individual reach.

This Review will be incomplete without a granular examination of the role councils should have, if any, in the land use planning system, especially in making decisions on Development Applications (DA).

Even though councils act as a planning authority (i.e. separate from their normal role) when considering DAs, it is not uncommon for them to be seriously conflicted.

There are many examples that support the premise that elected members act with bias to benefit their own self-interest and narrow support base. Developers and their professional support teams are entitled to expect that DAs are assessed against planning schemes without bias and undue influence.

The current land use planning system has been operating for 25 years now and nothing in that time has reduced the view of the general public that councils do not act independently in decision-making processes.

The Property Council firmly believes assessment of DAs should be undertaken by a separate, regionally based, independent assessment body made up of members with professional planning/development backgrounds.

### **The revenue and rating system funds council services efficiently and effectively**

The point needs to be made about the significance of funding from the State and Commonwealth Governments for general and specific purposes. The relevance of this funding for the provision of infrastructure and provision of services is lost on the community.

Ratepayers should be entitled to clear, concise and unambiguous information on sources of revenue and expenditure. Publication of information regarding the distribution of council revenue should be made periodically and be mandatory to assist in transparency.

Unlike the Commonwealth and the State, councils are not limited in their access to the funds for their budget. They simply increase the amount they require and then divide the pie amongst all ratepayers.

The Commonwealth and State must undertake complex taxation procedures to raise the money needed for the budget. They cannot simply increase their budget by CPI or some other number. Sometimes the Commonwealth or State budget must contract to reflect income. A council budget never contracts and hence there is never an incentive to achieve savings through efficiency, reduction in services or amalgamation.

We have argued for many years that there should be a review of local government rate increases in Tasmania, like IPART in NSW. If local government wants to raise revenue by more than CPI, it needs to be justified by an independent arbiter.

If State Government were serious in realistic rate-setting, they would,

- require councils to publicly identify and declare their core business and their strategies to deliver;
- tie any changes to the rating formulae to unimproved land value and not capital value;
- ensure that differential rating is used as a tool of last resort;
- ensure that ratepayers are provided with clarity and transparency about the methodology for setting rates and are able to challenge decisions about rates;
- fix rates for three years commencing 1 July 2023, to require councils to find savings and improve efficiency;
- require any increases, post rate fixing, to be linked directly to improvements in service delivery or the provision of infrastructure, and to be capped to CPI or less;
- require each council to account to their ratepayers and to an independent umpire about the rationale for any proposed increases, decreases, or freezing of rates, to improve understanding of their budgetary performance; and
- authorise the independent umpire to approve or reject any applications for a rate increase, solely on the merits of the council's proposal.

### **Performance Transparency and Accountability**

Current arrangements around lack of transparency of council business are an impediment to accountability. There is an over-reliance on 'commercial in confidence' determinations to prevent the disclosure of critical information. Understandably, legal and personal information should be withheld, however, agreements and contracts, once their terms are determined, should be publicly available.

Councils are a representative democracy. That means they represent us and nothing that is ultimately decided should be hidden from those persons who elect councillors to represent them. If the aim is to encourage more people to take an interest and be involved in local government affairs, people need freedom of access to decisions and information.

In-Committee provisions should be reviewed to ensure they are only used to protect matters which are legitimately private and privileged.

Regarding improving accountability and delivering efficient services to its ratepayers the Property Council believes the government should,

- set efficiency targets for the local government sector of:
  - i. 15 per cent within 24 months; and
  - ii. 35 per cent within 48 months;

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- establish and enforce a standard set of clear key performance indicators (KPIs) for all local government authorities to improve overall transparency and accountability; and
  - require the Auditor-General to assess and report upon the performance of local government against the standard KPIs.

### **Conclusion**

Thank you for the opportunity to participate in this review. The Property Council would be pleased to have the opportunity to meet the Board and discuss our vision for local government into the future.

Yours sincerely



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