



## **MEDIA RELEASE**

FOR IMMEDIATE RELEASE

27 June 2018

### **Review of the Local Government Act**

Local Government welcomes the announcement of a review of the *Local Government Act 1993* by the State Government. It creates the opportunities to build a modern legislative framework for councils to work within.

“The current Local Government Act was framed 25 years ago. Since that time, it has had significant and numerous additions, many sections repealed and as a result it has become clumsy and is also overly prescriptive. It is now time for a review, and for us to consider moving to a more principles-based Act, providing greater flexibility for councils in how they operate and in their service delivery” Mayor Chipman said.

“Local Government looks forward to working collaboratively with the State Government on the review, including in the development of the scope, process and timing”

“It was also pleasing to see the State Government acknowledge the significant work that Local Government is taking in relation to resource sharing and efficiency as there are numerous examples across all parts of the State where councils are working together to combine back end processes to keep downward pressure on rates and maintain quality service delivery” Mayor Chipman said.

**For media enquiries, please contact LGAT President Mayor Doug Chipman on 0409704835**

#### 9.4 Local Government Sustainability \*

Contact Officer: Katrena Stephenson

##### Decision Sought

**That Members note the following report on future Local Government sustainability.**

At the Premier's Local Government Council Meeting on 31 May 2018, there was discussion of the lessons learnt from the recent feasibility studies into council voluntary amalgamations and shared services arrangements. The PLGC also discussed the debate occurring within the sector, both in Tasmania and nationally, on long-term sustainability in the context of councils' changed and increased roles and expectations. This discussion is currently being mirrored and extended in public debate with statements recently on the need for council amalgamation coming from the Tasmanian and Launceston Chamber of Commerce's and Deloitte Economics in its Be Bold Tasmanian Report calling for mandatory and strategic Local Government reform as one of its 7 key actions. The report notes that -

*"We need a clear, stronger and more strategic reform agenda for Local Government. Amalgamations are one source of reform and should be actioned as a minimum."*

The question of council sustainability and need for amalgamations has also been raised in public discussion regarding Glenorchy's proposed 12% rate rise and also in the Mayoral race at Launceston.

The Minister noted that feasibility studies conducted for most councils during the State Government's first term indicated significant opportunities through new shared service arrangements.

While some progress is being made, the implementation of new shared service arrangements was acknowledged as slower than desired. Shared service arrangements have the ability to redirect back office resources to customer facing services that directly benefit communities.

This does not mean that there has been no progress of course. Aside from the significant growth and future opportunities for efficiencies and savings through LGAT's participation in the national procurement network (**Refer Item 9.15**), clear dividends are being realised through the close collaboration of councils such as Kentish/Latrobe, Sorell/Tasman, Burnie/Waratah-Wynyard/Circular Head and the Tasmanian Local Government Common Services Model initiated by Brighton Council.

Regardless, the public debate continues and it is important the sector engages in the discussion. At the May PLGC meeting the Minister and Premier invited Local Government via LGAT to develop ideas which could address these challenges. In order to effectively do this, we need to continue to build our understanding and evidence base in relation to the key features and attributes of efficient, effective and sustainable Tasmanian councils in the 21st century.

It is important to understand the lessons learned not only here (through the feasibility studies) but in other jurisdictions and around the world. Work such as that recently released by the Victorian Government on rural and regional councils sustainability reform program (see **Attachment to Item 9.4**).

To that end, LGAT suggests a general discussion on this issue (to share ideas, suggestions and frustrations) at the July General Meeting, to be followed up by a body of work, including a proposed process, that we would like to workshop in some detail at the next General Managers Workshop in September 2018 and the General Meeting in December 2018.

We think the key question is:

*Are Tasmanian councils best orientated<sup>1</sup> to service the needs of modern Tasmanian Communities?*

To answer the question above, it is suggested we build the evidence base in four key areas:

**1. Roles**

What expanded roles will councils have in serving modern communities?

What functions and services need to be considered?

What implications do modern communications and infrastructure create for our understanding of communities and how they want to receive services?

**2. Communities**

How are communities defined?

What shape and form do they take?

How will Tasmanian communities look in the future (demographic trends)?

**3. Representation**

What level of importance do communities place on representation and local democracy?

How is local engagement in democracy delivered in other places?

**4. Sustainability**

What criteria best indicate the likely success and sustainability of councils?

These questions could be progressed through a Research Advisory Group comprising expertise both internal (LGAT, Councils, State Government) and external to the sector (eg UTAS, UTS, past practitioners), similar to the recently established Digital Advisory Group.

Whatever process we finally land on as a sector, it is important that the evidence base is built methodically and that councils are engaged along the way through the development and workshopping of papers.

**Budget Implications**

This depends largely on what process is agreed going forward.

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<sup>1</sup> Or structured, aligned, organised, arranged



For example, while a Research Advisory Group would scope, commission, direct and review the research task, there would need to be resourcing to review and critically analyse current research and practice, to collaboratively develop and workshop papers and, to produce a final report consolidating the work across all focus areas in to a strategic framework for the sector.

LGAT could provide secretariat support within current budget but significant additional tasks will likely need separate funding.

**Current Policy**

Strategic Plan Focus Area

Promoting Financial Sustainability

## Victorian Sustainability Study

### 1. Rural and Regional Councils Sustainability Reform Program

The 2017-18 Victorian State Budget announced the establishment of the Rural and Regional Councils Sustainability Reform Program (the Program) to identify challenges and barriers experienced by rural and regional councils and develop policy reforms to provide long-term financial and operational sustainability for the sector.

As a part of this program, Local Government Victoria engaged KPMG to:

- Explore the current and emerging barriers to financial and organisational sustainability experienced by rural and regional councils;
- Understand the impact of these barriers for rural and regional Victorian communities; and
- Develop a suite of reform options to address sustainability barriers and support the long term financial and operational sustainability of rural and regional councils.

The analysis looked at 48 of Victoria's 79 councils, using a "Sustainability Assessment Framework" comprised of five performance and operating environment domains that present critical elements of sustainable councils. The five domains were:

- Context - What are the characteristics of the community of the council area? What relevant external factors will influence the council's operating environment? How are these expected to change over time?
- Capability - To what extent is there sufficient capacity and capability to enable the council to govern effectively and deliver its functions to meet the needs of their community?
- Financial Performance - To what extent does the council generate sufficient funds to provide the agreed level and standard of services and infrastructure?
- Efficiency - To what extent does the council deliver services and infrastructure efficiently, and achieve value for money for ratepayers?
- Effectiveness - To what extent does the council deliver the agreed level and standard of services and infrastructure in accordance with community needs and strategic objectives?

The work noted that all council in Victoria (& particularly the rural and regional councils assessed) are experiencing changing local contexts. In addition, rural and regional councils were found to be facing a range of barriers and challenges that will limit their ability to be sustainable over the longer term. These barriers, identified through a combination of consultations, data analysis, and reference to previous investigations and reports include:

- Financial pressures and constraints - limited capacity to increase own-source revenue, limited community capacity to pay increased rates, fees, or charges, increasing expectation of service delivery; increasing cost base.
- Relatively higher infrastructure and service delivery costs - regional and rural councils face relatively higher unit costs in maintaining assets and in the delivery of some services. Regional and rural councils spend more of their budgets to meet demands for core functions, leaving less for the growing set of functions expected by their local communities.
- Capability constraints and operational capacity issues - regional and rural councils face challenges attracting and retaining skilled, professional and knowledgeable staff.

The report presents a range of options designed to help rural and regional councils overcome barriers to long-term sustainability, outlined below. **Although it is important to note that these are currently being considered by the Victorian State Government.**

Theme	Reform option	Key components
State – Local Government Alliance	Sustainable service delivery funding model	Support service delivery planning for each rural and regional council; analyse plants to develop benchmarking & other analytical tools
	Funding model	Undertake a taxation and funding model inquiry to support rural and regional council sustainability Address short term critical services funding gaps
Operation Transformation	Regional service delivery	Regional service delivery model development and implementation
	A modern digital strategy	Support collaboration and innovation through enabling back office transformation
	Small shires stabilisation	Establish a <i>Stabilisation fund</i> for infrastructure needs to maintain productivity and liveability in rural Vic, focused on at-risk small shires and at-risk communities
Stronger Local Governance	Building local capacity	Improve knowledge and capability of council staff Support development of workplace plans for each rural and regional council
		Develop a program and support for councillors to better equip councillors with the knowledge and tools to meet community expectations
	Innovative community engagement	Establish a fund to help local government identify innovative ways to efficiently and effectively engage with the community



Peter Gutwein, Minister for Local Government

## Government to develop a new Local Government Act

The Hodgman Government recognises local government's important – and increasingly complex – role in serving and representing local Tasmanian communities.

Local governments across Tasmania, with the support of the State Government, have commenced reform processes that at the least will see an increase in resource sharing and service delivery at regional levels.

It is crucial that the legislation governing the Tasmanian local government sector reflects and supports what communities expect from their local councils, and supports Councils to meet these expectations in an increasingly changing and dynamic environment.

This year marks the 25th anniversary of the introduction of the *Local Government Act 1993*. The past quarter of a century has seen significant social, economic and technological changes. The role of councils and community expectations have expanded in line with these changes.

The Local Government Act has been amended and updated a number of times in recent years in response to emerging issues. The Government has formed the view that continuous, 'catch-up' amendments are not desirable, efficient or sustainable. A fresh, contemporary approach is needed.

Today I am announcing that there will be a major review this term of Tasmania's local government legislation. The Government will work closely with LGAT through this process to ensure a best practice regulatory framework for the local government sector in Tasmania is created for the 21st century.

The scope of the review will be broad, and will ensure that a contemporary framework for local government will:

- Support greater innovation, flexibility and productivity in the sector, to improve the overall efficiency and effectiveness of the services that councils provide to the Tasmanian community;
- Minimise the red tape burden on councils, business and the broader community; and
- Enhance accountability and transparency across the sector;

The Government will work closely with LGAT and will release a Public Discussion Paper in coming months, inviting community and stakeholder contributions on ideas and options to modernise the Tasmanian legislative framework, starting from 'first principles' basis. This will be the first step in a significant, ongoing consultation process, and will include engagement with the local government sector. I would encourage everyone with a view about the future of local government in Tasmania to engage with this process and have their say.

Contact: Chris Medhurst

Phone: 0410 600 400