

DELIVERING EXCELLENCE LOCALLY



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2015-16 STATE BUDGET SUBMISSION

INTRODUCTION

The Local Government Association of Tasmania (LGAT) lobbies and negotiates on behalf of the Tasmanian Local Government sector. We represent all Tasmanian councils with around 280 elected members, over 4000 employees and half a million constituents. One of the key objectives of LGAT is to foster and promote relationships between Tasmanian Local Government with both the Governments of Tasmania and Australia.

The Tasmanian Local Government sector is continually improving through reform and has worked with the State Government on significant changes such as the establishment of a single water and sewerage corporation, the implementation of a common planning template (PD1) and the regional planning strategies and a move to all-in, all-out voting. The sector is sufficiently mature to continue to work collaboratively on improvements and recognizes the year ahead, commencing with discussions on voluntary mergers and strategic resource sharing as well as consultation on and then implementation of the Role Of Local Government Project Strategic Plan, will be another pivotal year focused on improvements in the sector.

While thinking and planning for improvement processes, councils will continue to perform a wide range of roles within Tasmania – some of which are driven by statutory or regulatory requirements and others which are more discretionary and have evolved out of the unique relationship with its local communities. There are day-to-day services related to waste and recycling, public and environmental health, planning and building, community development, child care, sport and recreation just to name a few. Councils also develop infrastructure such as roads, footpaths and trails and manage stormwater and community infrastructure such as halls and sports facilities. While the traditional roles of councils in relation to Infrastructure and Planning remain important, Local Government services have increased in number and scope with an increasing focus on the delivery of regulatory and support services. Councils are also tackling emerging issues such as climate change and social inclusion. All this is happening against a back drop of a real terms loss of almost \$20M from Financial Assistance Grants over a three year period. Regardless, councils work to deliver affordable, quality facilities and services to local communities. This appears to be well recognized with a consistently good outcome from the statewide community satisfaction survey which is conducted every two years.

The demand for new and increased services to tackle the range of contemporary issues facing communities is felt at all levels of government. Tasmanian councils and the LGAT have a strong history of working collaboratively with the State Government to ensure the delivery of excellent infrastructure, facilities, services and governance to the communities that we both serve. We anticipate this will continue to be the case as we explore opportunities for improved outcomes in the year ahead.



Reform

VOLUNTARY MERGERS

In February this year the Minister for Planning and Local Government will commence a series of regional workshops to discuss the matter of voluntary amalgamations – issues, incentives, requirements and resources. Inevitably those conversations will add depth to the matters outlined below for consideration. Council amalgamations, voluntary or otherwise, are inherently complex. This is due to the very nature of councils as organizations delivering a myriad of services appropriate to local needs and wants and overseen by locally elected officials.

Outlined in the introduction to this document, were the diverse requirements of Local Government, the increasingly complex and demanding regulatory environment, the emergence of new roles for the sector and the significant staffing levels at play.

The starting principles outlined by the State Government are agreed. These are:

- Any change must be in the interest of rate payers;
- Any change must improve the level of services for communities;
- Any change must preserve and maintain local representation; and
- Any change must ensure that the financial status of the entities is strengthened.

As always, LGAT urges that there first be clear identification of the improvements sought and notes the findings of the Local Government Board in February 2010 that:

- there is a need to consider all available reform options (amalgamation being one),
- there must be commitment to following full process,
- there must be adequate resources to ensure capacity to see the process through,
- there is a commitment to strong communication and consultation
- that a merger will only proceed where it will lead to long-term financial sustainability and benefits for the community (including improved governance, community capacity building, improved service delivery and improvement management practices).

The Board identified 16 steps for both councils and the Board to follow in relation to voluntary council mergers. Councils need to be able to articulate the reasons for considering reform, the desired outcomes and the potential benefits and consider whether amalgamation is the best way to deliver these (vs for example resource sharing, common service provision and regional alliances). All neighboring councils should be consulted. A thorough proposal, including statement of intent should be developed by each interested council and a feasibility study and consultation strategy should be developed. Strategic analysis must be undertaken and communication and consultation is critical from the onset. There should be a thorough gauging of community support. Then the Local Government Board has a role to play in conducting a thorough and transparent review. These steps alone represent a significant investment of resources.

If there is agreement to proceed, the real costs begin. The experience of amalgamation in other Australian jurisdictions provides evidence of significant up-front costs and outcomes which are not quantifiable in terms of

profit or reduced rates. In fact evidence clearly shows that rates reductions are never an outcome of amalgamation however improved capability, service and infrastructure outcomes and economies of scope generally result. It is incumbent on the State Government to make sure there is not repetition of the failure to meet the expected outcomes of amalgamation as has been seen in other jurisdictions. Communities need to clearly understand what benefits will and won't be delivered.

The Queensland Treasury Corporation (QTC) identified a net cost of amalgamation of \$47.21M noting that this excluded matters they felt were discretionary (like wage parity) but which are difficult to avoid in relation to the current Industrial Relations laws and environment. The most significant costs identified in Queensland in implementing mergers relate to wage parity, ICT/systems changes, senior officer costs and redundancies, councillor remuneration, new buildings/renovations/relocations, change management and communication, statutory plans, branding and payroll tax.

The impact on Financial Assistance Grants also needs consideration. While the QTC considered that councils had sufficient liquidity to cover many of these costs, especially if they implemented greater use of debt funding, they also found that savings for councils were relatively static after the first 12 months post amalgamation and so it would appear that communities at the subject of amalgamation are likely to wear a significant cost and are also likely to view this as a 'poor investment' in comparison to investment into local services and infrastructure.

Financial barriers are a significant deterrent to council mergers internationally, possibly more so than operational (staffing), organizational (cultural) and political barriers and will need to be considered and addressed if any program of council mergers is to succeed. The independent Local Government Review Panel in NSW identified that "the provision of appropriate and sufficient financial support is a key incentive to voluntary boundary change" allowing councils to ensure that change processes are appropriately managed, communities are engaged, robust representative structures are established, community and service delivery issues are appropriately addressed, transitioning and redundant staff are adequately supported and the costs of consolidating business functions are subsidized. The NSW Government has identified significant funding in this regard (more than \$250million for 41 councils).

There is a clear need to avoid the pecuniary consequences that have been experienced in other jurisdictions by less affluent councils. In Victoria for example, some smaller less affluent councils faced financial hardship after amalgamation due in part to rates freezes, resulting in decreased service capacity and a fall in service provision to those communities.

ROLE OF LOCAL GOVERNMENT PROJECT

In parallel to any considerations of mergers, there is opportunity to improve local governance, sustainability and outcomes through the initiatives identified by the four working groups under the Role of Local Government Projects. At this stage, not all the resourcing requirements have been fully mapped, but needless to say to deliver on key initiatives requires a commitment from both the Local Government Sector and the State Government. While many may be able to be accomplished within existing resources this is dependent on the level of priority given the tasks and should there be a requirement to deliver more rapidly on some initiatives, additional human resource will be required. Other initiatives require funding to be achieved (for example production of tools, guides, online resources).

Subsequent to the consultation with the sector, and as part of the finalization of the plan at the Premier's Local Government Council, there must be full consideration of the level of priority to be given to initiatives and the resourcing that is required delivering meaningful and timely results.

One particular area of focus that has been identified of importance in supporting the State Government agenda is building the economic development capability within the Local Government Sector. With the reduction in capacity upon contraction of State Growth, partnership with councils will be critical in delivering economic development outcomes, but capacity differs markedly across the sector. A number of initiatives have been identified aimed at growing capability and capacity and improving partnership activities across the levels of Government but they requiring resourcing in order to provide longer-term benefits to communities and the State.

COMMITMENT SOUGHT

- **Funding for the transactional costs of voluntary mergers. That is, those associated with deciding whether or not a merger should proceed including consultant reports, feasibility studies, community consultation and referenda, Local Government Board review).**
- **Commitment to fund transformation costs of mergers identified as meeting the agreed principles and delivering good outcomes for communities. That is, those costs related to implementation.**
- **Adequate resourcing of priority projects under the Role of Local Government project as agreed by the Premier's Local Government Council.**



Planning

PLANNING

Local Government plays an important role in land use planning and development approvals systems in all State jurisdictions in Australia. Councils develop strategic plans for the future development of their municipalities, coordinate and provide physical and community infrastructure, use their strategic plans to guide the application of land use and development zones through State planning instruments and administer the planning instruments on a day-to-day basis.

Over the years, community expectations about the objectives of the planning system have grown. Planning is being relied upon more and more as the solution to complex urban and regional issues and these will only be possible with a commitment by the State Government to meaningful engagement with councils.

Councils are widely thought of by the general public as the masters of the planning system, and while they have a variety of responsibilities under the *Land Use Planning and Approvals Act 1993 (LUPAA)* to assess applications and review and update Planning Schemes, in reality the process is currently driven and governed by the State Government. While the vast majority of development applications in Tasmania are approved efficiently and effectively by councils, the development assessment component of the planning system remains the most confrontational and subject to greatest scrutiny and criticism.

Even in the face of what are sometimes scathing criticisms about planning decisions made by councils, much of which is unfounded, Tasmanian councils have continued their commitment to a more efficient and transparent system. Councils continue to demonstrate this, through for example, detailed whole of sector input to recent legislative amendments posited through the Planning Reform Taskforce.

Progressing Reform

The Local Government sector recognises the commitment of the State Government to implement a single planning scheme but notes that there was no forward allocation last year's budget beyond the staffing of the Taskforce. Local Government has found, through the experience of the Regional Planning Initiatives, that significant resourcing and effort at both the local level and the State level is necessary for implementation (e.g. legislative amendments, policy and code development, testing including legal testing, guidance and training, consultation and community communication). Further, while the introduction of a single planning scheme has been the focus of the taskforce, a number of other process and legislative issues have been raised that should be addressed if real improvement is to be seen.

For example, as raised on a number of occasions, and most recently through the Role of Local Government Project Legislation Working Group, one such opportunity relates to better integration of legislation. For example, subdivision provisions are currently specified in the *Local Government (Building and Miscellaneous Provisions) Act* however, they would be better housed in LUPAA. There could be better integration and consistency between the *Building Act* and LUPAA. For example – a statewide code for contaminated land is under development yet there are already provisions in the *Building Act* which allow Environmental Health Officers to prevent building on contaminated land. Similarly the state-wide bushfire code has some poorly integrated elements and duplication between building and planning.

The Planning Schemes Online Project provides significant potential to link the single planning scheme with overlaid codes and local provisions and provide a common look and feel entry to the planning system

regardless of which municipality the development is taking place. LGAT encourages continued funding of and commitment to this project so that the system and data extend statewide and remain reliable and valid.

Finally with regard to reform, there is a need to strongly publicise the successes to date noting that relative to other States, processing of developed applications is a 'great news story'. We have the second fastest processing times and the lowest development fees.

COMMITMENT SOUGHT

- **Resourcing the completion and implementation of the single planning scheme for Tasmania and associated codes, policies, communications, tools, and training.**
- **Resourcing integration of legislation to improve planning outcomes.**
- **Resourcing the Planning Schemes Online Project.**



Roads and other Infrastructure

INFRASTRUCTURE PROVISION

Infrastructure funding does not mean only funding for new infrastructure. Local Government manages more than \$8 billion of assets (as at 30 June 2013); most of which is infrastructure in the form of roads, footpaths, bridges, drains and culverts. Maintaining this infrastructure so that it continues to provide adequate services to communities is a major financial challenge to councils.

Better roads can save lives, investment in utility infrastructure can help reduce the cost of living and make our State more environmentally sustainable, not to mention drive economic growth and tourism.

These billions of dollars of assets in the Local Government sector are often ancillary to or in support of other infrastructure decisions made by State Government through its various agencies and enterprises. While efforts have been made to highlight the significance of infrastructure to economic development it is not clear that the needs and priorities (strategic direction) for infrastructure in the state have been well articulated or clearly communicated. It is imperative that there are sufficient skilled personnel, particularly in the Department of State Growth, that are able to consider issues beyond any individual agency perspective and priorities. Infrastructure is the backbone of economic prosperity and the strategic decisions that are made influence the future health of the state.

There must be clear signals from State Government on its directions for infrastructure and the investments it will be seeking to be made over coming decades. These matters are not term of government issues but have long-term implications for the coming decades. The need to secure and promote bi- and tri- partisan support and prioritization of these key assets and provide clear messaging to business and communities alike is essential to allow for appropriate planning and investment decisions into the future.

Councils are key to this discussion and need to be aware of the potential growth areas and investment decisions that will impact on their local areas. If the wrong decisions are made it is not only the poor outcome in that project that costs the community, but also the lost opportunities. LGAT calls on the State Government to engage and collaborate with Local Government at the earliest opportunity on these key decisions to ensure that the best result is achieved for the State as a whole and for local communities.

ROADS

Roads are the arteries of all our communities and in particular are the life blood of our regions. Local Government is responsible for over 14,000 kilometres of road in Tasmania; with over 7 000 thousand kilometres sealed. In rural areas, operational expenditure on roads and bridges comprises more than 36% of functional expenditure.

The Local Government sector calls on the State Government to ensure adequate investment is made into State owned roads. Funding should be maintained at least to current levels. Local Government also calls for a review of the way in which roads are classified. A number of roads that are currently identified as local government responsibilities are strategically important to the entire State and carry more than just local traffic. It is neither fair nor sustainable that this continues as ultimately the financial burden of maintaining such roads to a safe standard should not be borne by the ratepayers of one council area. A review of the classification of such roads is urgently required to deliver a more equitable funding model.

Local Government also urges the State Government to task the new Department of State Growth to strategically plan for economic infrastructure on a state-wide and regional basis. There appears to be a

strategic policy and funding gap in this regard. For example, in the South East a strategy is required which identifies the key development opportunities associated with the South East Irrigation Scheme and Hobart Airport expansion (as well as tourism and residential growth). Ideally this would map the necessary supporting infrastructure in transport, handling, processing, storage etc; taking into account demographic and economic modeling and provides the overall framework of staging, responsibility and economic feasibility for infrastructure provision.

Forestry Roads

At the July 2014 LGAT General Meeting, a motion was passed that the Association would seek discussions with the State Government regarding negotiations on the handover of Forestry Tasmania roads to Parks, due to a negative effect that will occur on communities and tourism due to deterioration if no funding is available for continued maintenance.

Throughout Tasmania there are many roads other than council and state roads that were previously maintained by either Forestry Tasmania or Gunns. With the legislative changes that have occurred over the past few years, those roads are no longer maintained by these bodies and as a result concerns have been raised repeatedly by councils in relation to access, amenity and safety of road users.

Councils receive numerous complaints and enquiries from residents who reside alongside the roads described above. As an example, one significant route is the Wielangta Road on the State's East Coast that crosses the three municipal areas of Glamorgan-Spring Bay, Sorell and Tasman and is used frequently by residents, visitors and tourists alike.

Based on advice received from the former State Government in January 2014, it is understood that the Forest Management Act (2013) provided for the conversion of some 220,000 hectares of forest reserves (formerly under the management and control of Forestry Tasmania) to conservation areas and regional reserves under the Nature Conservation Act 2002. The management and maintenance decisions in relation to this land were to become the responsibility of the Parks and Wildlife Service within the Department of Primary Industry, Parks, Water and Environment (DPIPWE). With the passing of the Forestry (Rebuilding the Forest Industry) Bill 2014 it is now understood that a proportion of responsibility for former Forestry roads has also now been allocated to Crown Land Services within DPIPWE.

The LGAT previously received advice from the former State Government that where land was transferred for management by DPIPWE agencies, it was expected that appropriate funding would also be provided to manage the land. On behalf of its members the LGAT seeks to obtain greater clarity from the State Government regarding current and future funding arrangements for former forestry roads.

The Association is consulting with members to identify potentially life threatening decisions in relation to bridge closures, issues in relation to community roads and likely tourism impacts and will provide that material to the Government in the near future.

Assessment of Bridge Infrastructure in Relation to Heavy Vehicles

For the last two years Tasmanian councils have been working closely with the Department of State Growth to work through and understand the requirements for local government as road managers under the recently introduced national heavy vehicle regulatory framework. There have been significant challenges associated with the implementation of the Heavy Vehicle National Law (HVNL) and the National Heavy Vehicle Regulator (NHVR), both nationally and within Tasmania. Challenges include developing appropriate workflow systems to support the needs of heavy vehicle operators and the obligations of road managers, and more fundamentally in terms of understanding the condition and load bearing capacity of critical road assets, including bridges.

In an effort to better enable heavy vehicle operators to access local roads quickly with a minimum of red tape, as well as drive local and state-wide economic activity and growth, council infrastructure departments have been reviewing their local road networks and bridge assets. The process aims to determine which infrastructure assets would be appropriate for ongoing access by heavy vehicles, such that they could be included in 'pre-consented networks'. However despite best intentions and the good work being done by both local and state Government personnel, the rate at which councils are being able to assess these networks and identify roads and routes for ongoing heavy vehicle access is slow.

Many councils do not have sufficiently comprehensive information regarding the condition and load capacity of their road and bridge assets to be able to confidently commit them pre-consented networks. Additionally, in most or all cases staff are undertaking these activities as just part of their normal daily task commitments, with no access to additional funding or dedicated support from other sources to work faster or smarter to get the job done.

In discussions so far with State Government in relation to this issue, the LGAT has encouraged discussions regarding how the State Government could better support councils with their role as a road manager under the HVNL. In particular, the provision or facilitation of the technical expertise, data and/or dedicated funding that is required for councils to understand their assets and infrastructure sufficiently to meet the expectations and requirements of the HVNL and the NHVR.

COMMITMENT SOUGHT

- **That current State road maintenance funding levels are at least maintained and that there is funding to upgrade State roads, particularly those linked to popular tourist routes.**
- **That there is a more strategic approach taken to infrastructure planning and funding at a Statewide and regional level.**
- **That there be consideration of reclassifying local roads which are important to the entire State and which carry more than local traffic to shift the maintenance burden from ratepayers.**
- **That routes formerly maintained by Forestry Tasmania are kept at appropriate standard and that issues around future ownership, maintenance and upkeep for these roads be clarified without a significant new and unfunded infrastructure burden being placed with Local Government.**
- **That the State Government fund, or secure federal funding, to support the assessment of bridge infrastructure as relates to the National Heavy Vehicle Regulations and Road Network (\$2M).**