Local Government Association Tasmania







2026–27 State Budget Priority Statement

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Introduction

Local government delivers the services and infrastructure that shape the daily experiences of every Tasmanian and are a major determinant of our communities' wellbeing. They are place shapers who drive most people's attachment to, and satisfaction with, the area in which they live.

As the closest level of government to the community, councils make decisions daily that influence how local communities are planned and developed.

In representing their communities, councils have 263 elected representatives and undertake their functions and services with close to 4,000 employees.

Due to this connectedness with their communities, local government is best placed to partner with the State Government on building prosperity and enabling improved community outcomes at the local level.

To support the State Government in improving community outcomes, the local government sector is seeking the targeted investments outlined in this document.

About us

The Local Government Association of Tasmania (LGAT) has been the peak body for local government in Tasmania for over 110 years.

Our role is to support, promote, advocate for, and represent the local government sector so our members are in the best possible position to serve their communities.

All 29 of Tasmania's councils are members.



A new role for local government

It is critical our local councils are equipped to serve their communities effectively, both now and into the future. In late 2024, the State Government released its Local Government Priority Reform Program, bringing together the key recommendations from the Future of Local Government Review. The Priority Reform Program received broad support from our sector.

One of the key Priority Reforms involved the development of a new role statement for councils that outlines a vision for Tasmania's local government with the goal of supporting the wellbeing, sustainability, and prosperity of local communities over the next 20 to 30 years.

> *The role of a council is to support and improve the wellbeing of the community by –*
>
> *(a) harnessing and building on the unique strengths and capabilities of the community; and*
>
> *(b) providing infrastructure and services that, to be effective, require local approaches; and*
>
> *(c) representing and advocating for the specific needs and interests of the community in regional, state-wide and national decision-making; and*
>
> *(d) promoting the social, economic and environmental sustainability of the community, including but not limited to, by mitigating and planning for climate change impacts.*

For councils to effectively deliver on this new role statement, particularly across the domains of wellbeing and climate change, they need the following key enablers:

- strong leadership and governance
- a skilled workforce
- contemporary and sustainable funding models.

Strong leadership and governance

Councils are leaders at the local level and must be recognised as critical partners in how our state addresses wellbeing and climate change, both through their operational roles and as trusted authorities within their own regions. Ensuring there is alignment between communities, councils and the State Government is important. Councils understand the key issues and priorities for their communities through their regular engagement and community development activities. They must be central to the direct engagement of Tasmanian communities and are best placed to deliver funded, place-based actions to support wellbeing and manage the impacts of climate change.

Strong leadership and governance, that includes local government, requires a commitment to genuine, continuing, and transparent consultation and partnerships. This extends beyond those leading implementation of preventative health strategies and climate change initiatives. We are encouraged by the work of the Office of Local Government to progress a partnership agreement between State and local government that will establish a framework of principles and processes for consultation and engagement. When enacted and applied consistently across the State Government, this will help to improve outcomes for Tasmanian communities.

Building a skilled workforce

The State Government has acknowledged how critical a skilled workforce is to Tasmania achieving its desired outcomes. This is particularly the case for community health and wellbeing. Councils already influence the health of their communities in a wide variety of ways. However, for health and wellbeing to be integrated across these roles and functions, additional support and skill-building is required through a program that includes support, education and training to address workforce shortages.

Contemporary and sustainable funding models

Currently, much of the work undertaken by councils in community wellbeing and climate change is funded through short-term, competitive grants processes. This can cause programs to be disjointed, limiting community buy-in and often misaligned to the strategic priorities of communities and councils. It also prioritises councils and communities who have greater capacity in applying for grants and can manage the impacts of short-term funding.

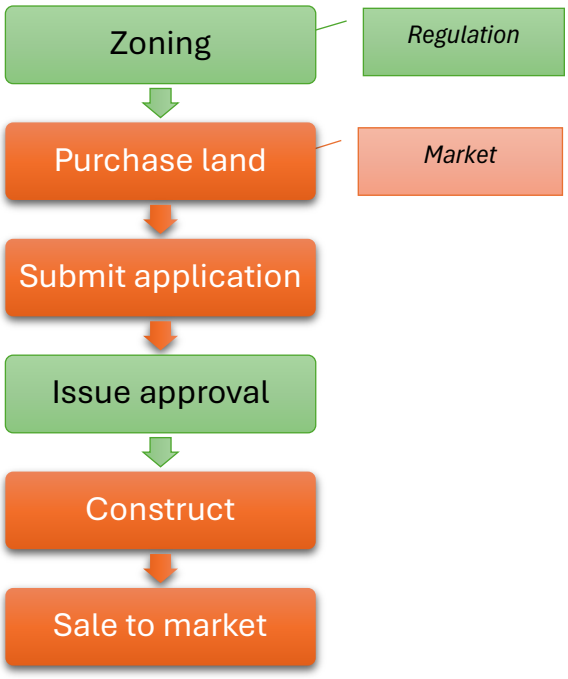
For councils to successfully implement the additional responsibilities that come from the new role statement, funding must be non-competitive, sustainable and strategically aligned, and delivered on a needs basis.



Housing

Population pressures and housing unaffordability has placed extreme pressure on Tasmania's housing market and Tasmanian councils have been on the frontline of its impacts on local communities.

In Australia, we rely on market forces that result from private investment decisions to deliver housing supply. When we think of land release, we tend to think of regulation and blame governments – often councils. But government regulation controls only two of the six steps of getting houses to market: zoning and approvals. The other four steps – land purchase, when they submit a development application, housing construction, and release to market – are managed by landowners.



In other words, it is the sum of all private landowner and developer decisions together that sets the speed of new housing construction and its release to the market to be available to improve housing security. Regulatory planning decisions, like strategic zoning and approvals, set the location and quality standards of new housing development, but not the speed.

Councils do not control the number of applications they receive, whether approvals will be acted upon and seen through to completion, or if the finished housing product will be released to the market. However, to date, the Government's policy responses to our housing challenges have focused on our planning system, which is misplaced, as it is well documented that Tasmania's existing development assessment process is working well, being one of, if not the fastest, in the country when it comes to applications.

The range of economic factors that are influencing private landowner and developer decisions requires greater scrutiny, particularly in relation to the challenges being faced with infill development in Tasmania.

The Tasmanian Government must refocus its attention to the market forces impacting housing delivery, instead of further tinkering at the edges of our approvals process. This should commence with a study into the economics of infill housing to better understand the cost drivers and barriers and guide targeted incentives.



Delivering new housing supply requires infrastructure, and delivering infrastructure requires sharing the costs fairly amongst those who benefit from it. When the costs of infrastructure cannot be properly shared, it falls upon the first developer to provide it. This creates a situation where developers avoid infrastructure costs by delaying their development until another developer has constructed the infrastructure that they will rely on. Without a proper infrastructure charging system, we have a market where developers are actually competing to not develop first. This is known as the first mover problem. This stops new housing supply in its tracks.

The Tasmanian Government must urgently progress the development of an infrastructure charging system in partnership with local government. This will properly support the development industry in delivering new housing supply.



Safer local roads

The efficient functioning of Tasmania's economy and the safety of its road users rest on how well our state and local roads work together as a system. Local government manages almost 80 per cent of Tasmania's roads. We firmly believe that every person has the right to travel safely, and that no one should be seriously injured or killed during their everyday journeys on our roads.

Unfortunately, 60 per cent of road fatalities in Tasmania occur in rural areas. In most cases, this is because of the historic challenges of construction in these environments, resulting in often narrow, hilly and twisty roads. The current Commonwealth and State Government funding streams for road safety, such as the Black Spot Program, Vulnerable Road User Program, and Safer Rural Roads Program, address issues on a per-site basis but do not support a long-term, strategic and network approach. Instead, evidence-based local road corridor safety plans with multi-year investments are needed.

Alongside road system improvements for vehicular safety, it is equally important that we invest in protecting our most vulnerable road users – pedestrians and cyclists. This investment not only improves road safety and reduces transport congestion but also has important physical and mental health benefits. The State Government's Better Active Transport Grant Program has been very successful in improving active transport opportunities in partnership with local government. It is critical that this program is reinstated and expanded.

There are two existing road-user funding sources that would be appropriate for these improvements: speeding fine revenue and the Heavy Vehicle Motor Tax.

Revenue from speeding fines is an ideal funding source to reinvest into road safety initiatives as it is directly linked to unsafe driving behaviour, which increases when people drive at dangerous speeds, and decreases as they do the right thing. It also means speeding offenders are paying for initiatives, rather than those who are driving safely.

The Heavy Vehicle Motor Tax is charged to heavy vehicle users to recover the higher road maintenance costs caused by these vehicles. Over $30 million is collected per year by the State Government. However, it only provides $1.5 million to local government, even though councils manage 14,400 km of Tasmania's road network.

Despite a steady rise in heavy vehicle usage and the revenue it generates for the State Government, funding to local councils remained unchanged for 27 years. It has not increased by a single cent.

While local government welcomed the one-off increase of $3.5 million in the November 2025-26 Interim Budget, this does not resolve the sector's long-standing issues of appropriate indexing of this funding source.

To support our communities having access to safe, reliable local roads and being provided with healthier, more sustainable travel options, we're requesting the State Government:

- **Index and fairly distribute the Heavy Vehicle Motor Tax revenue among all road managers on the same basis it is charged – on-road use.**
- **Reinvest speeding fine revenue directly into local road safety by supporting road network safety plans and reinstating the Better Active Transport Grants Program.**





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