

## **LGAT Opinion Editorial – Local government reform must be focused on community needs**

Last week we saw an Editorial calling for local government reform. Local government supports a reform process that delivers change that is in the best interests of local areas. However the claimed “rates rush” should not be a driver for local government reform, as we know from structural reform in other states that cost savings are unlikely to materialise and importantly, may not best serve community needs. Reform should focus on delivering what communities need in a sustainable way. Bigger is not always better.

While a number of councils are increasing rates above the Consumer Price Index (CPI), it is important to note that CPI alone does not reflect the full cost to councils in delivering services. Infrastructure and wage costs also have a big impact. Councils develop and manage the wide variety of infrastructure via detailed financial and asset planning and allocate the funds to support this. This includes roads, bridges, stormwater drains, parks, community facilities and many more. Modest increases beyond CPI are certainly not a “rates grab”, as our communities rely on this infrastructure as part of their everyday lives.

Added to this are the unique circumstances of the last 18 months. I don’t think anyone would argue that this period hasn’t been tough financially for all three levels of government. During the COVID-19 epidemic, councils lost significant revenue from a self-imposed rates freeze to support community and business recovery, reductions or waivers of many fees and charges and the loss of own source revenue from things such as parking. Local government also provided significant direct financial support to struggling businesses and households.

What the experience of COVID-19 has shown us is that councils’ ability to support local communities is essential in revitalising the economy and building resilience. However, this was only possible due to the strong links between community members and their council. This is why any reform process must understand what councils are delivering well, the challenges they face and importantly, take the time to understand community needs. If the focus is purely on maximising the delivery of services at the least cost, then we risk undermining the primary reason local government exists, which is to provide for the health, safety and welfare of the community.

Given the challenges local governments face are many and varied, success will ultimately depend upon how well reforms support local circumstances and needs.

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