

6 June 2020

Tony Ferrell
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Department of Treasury and Finance
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Premier's Economic and Social Recovery Advisory Council (PESRAC)

Thank you for the opportunity to provide a submission to the PESRAC.

The Local Government Association of Tasmania (LGAT) is incorporated under the *Local Government Act 1993*, our functions being:

- (a) To protect and represent the interests and rights of councils in Tasmania;
- (b) To promote an efficient and effective system of local government in Tasmania; and
- (c) To provide services to member councils, councillors and employees of councils.

The views and opinions expressed in this submission are representative of the Local Government sector and consider the feedback from LGAT's members at a senior officer level. Given the tight timeframes it was not possible to formally engage the broad membership. However, officer level feedback was received from 27 of 29 councils. In addition, LGAT has been meeting regularly with the three regional council authorities and RDA Tasmania to discuss and compile the impacts being felt across the Local Government sector.

This submission is focused on impacts. LGAT is currently finalizing a second submission for PESRAC which is forward looking.

We are happy to engage directly with the PESRAC and support your engagement with our Members.

Please contact me at any time.



Your sincerely

Dr Katrena Stephenson
CHIEF EXECUTIVE OFFICER

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ASSESSING THE IMPACT OF COVID-19 ON TASMANIAN COUNCILS AND THEIR COMMUNITIES.

1. General Comments

Key points:

- *Tasmanian councils have made significant financial and human resource investment in responding to covid-19*
- *all councils and communities will be impacted differently and have different pathways to recovery.*

The COVID19 pandemic has impacted every Australian home, business and community. Even for those who remained in work, the associated uncertainty and changes to our way of life have had an impact. COVID - 19 will continue to influence how we operate for a long period after people start to resume social contact and work.

To date all levels of government have invested to ensure that Australia's community capacity remains in place to support the operation and recovery of our society, economy and livelihoods post the COVID - 19 national shut-down. And while the investment from Federal and State Governments has been significant, Local Government's contribution cannot be underestimated.

COVID-19 can be seen as a magnifying glass that highlights and heightens divides that already existed in our community. Indicators such as financial disadvantage, job insecurity, digital access issues, homelessness, nutritional voids, alcohol, tobacco and recreational drug use, domestic abuse, mental health and gambling issues have been exacerbated by COVID-19 and its related disadvantage.

Tasmanian councils have already committed to nearly \$40 million in relief measures¹ to support their communities through the crisis and into recovery through a variety of means. These include:

- a 0% rates increase for the 2020/21 financial year;
- direct business and community support grant programs;
- hardship assistance policies

¹ To be applied through the period March 2020 through to 30 June 2021 and as at 1 June 2020. Councils are continuing to invest in this space.

- rates remissions for certain businesses;
- relaxing or waiving of certain penalties, fees and charges;
- suspended debt collection;
- waiving of rent on council properties; and
- a variety of local and regional programs to support business and communities.

For more detail see the relief measures link on LGAT's COVID-19 Resources Page:
<https://www.lgat.tas.gov.au/media-and-publications/covid-19>

This investment in relief equates to 6.85% of 2017-18 revenues (as published by the State Grants Commission). For the sake of comparison, State Government's investment in COVID relief represents 6.58% of revenue².

Overall, the Local Government sector anticipates the impact to the Tasmanian economy will be felt most acutely in the shorter term, although there is a high level of uncertainty around future impact aligned with the easing of restrictions as well as the risks of further outbreaks. It is anticipated that economic and social disruption will have long-lasting effects on the Australian, Tasmanian and local economies over a number of years.

All councils and communities will be impacted differently by COVID-19. Each local community has its own unique makeup of residents and businesses, which inherently means that some communities will be more vulnerable than others in both a health and economic sense. Because of this, as Local Governments plan their response and recovery activities, additional focus will be directed towards the community cohorts that will require more support than others.

² Economic and Fiscal Update Report May 2020

2. What impacts are currently being seen by your sector or members (including clients/households/individuals as relevant in your context) and what impacts are anticipated in the coming weeks and months?

Key points:

- *Councils' initial focus was on health and wellbeing and delivery of essential services and most experienced significantly increased workloads.*
- *Financial impacts flowed shortly after including through lost revenues, implementation of relief measures, increased cleaning costs and loss of TasWater dividends. Some councils, like businesses, have experienced cash flow difficulties.*
- *Less common council functions such as childcare and airports have been severely affected.*
- *In their communities, Councils are reporting increasing financial stress, disconnection and isolation. The impact on the use of volunteers by councils and local not-for-profits and sporting groups has been widely noted. There is increased demand for mental health services and domestic violence services.*

The immediate impacts for councils related to protecting the health and wellbeing of workers including staff, councillors, contractors and visitors to council sites. Councils were required to quickly work through the public health directions and implement appropriate precautions, including the closure of some business areas and a significant shift to staff working from home. This led to an immediate reduction in access to council facilities for ratepayers and community groups. It also proved difficult to maintain capital/maintenance programs and ensure a safe workplace with appropriate physical distancing, with some work being deferred.

There was an immediate and substantial increase in workload for many council workers, both in managing their own functions but also supporting communities and ratepayers. This combined with reporting on actual and likely world, Australian and Tasmanian COVID-19 scenarios has led to worker fatigue, nervousness and impact on mental wellbeing. While some have embraced new and innovative ways of working, others have been less able to adapt. Historic investment in cloud-based ICT systems has been a strongly determining factor in the ease of maintaining business as usual from less than usual workplaces.

The coronavirus (COVID-19) pandemic presents many challenges for Local Government. (Councils) themselves are complex medium-sized businesses experiencing many of the same challenges as other small to medium businesses, they are also the first point of contact with our communities and play a key role in supporting our local businesses and communities during times of challenge.

Local Governments are often the first line of connection to the communities they serve. During the coronavirus pandemic, they are being enlisted to enable and enforce the federal and state government's restrictions in regards to their communities needing to be physical distancing and self-isolating. Many of our essential services are delivered by the local councils, and often involve a high degree of interaction with vulnerable members in our communities ... (Councils) have customers, they have a large number of employees, key services, and costs and revenues to be managed during this time.

Toni Jones, Partner in Charge Industries, Enterprise and Local Government Sector Leader KPMG Australia.

Financial Impacts

It has not taken long for councils to start experiencing significant financial impacts from:

- lost fees and charges revenue e.g. parking, sports centres and child care;
- relief measures as outlined above, including deferral of payments, remissions, waivers and grants;
- lost revenue from TasWater dividends - with no dividends to be paid for the second ½ of this financial year (having an immediate cash flow impact) and the likelihood of no dividends none next year; and
- increased cleaning costs.

With cashflow a significant concern, the recent forward payment of the Federal Government's Financial Assistance grants is welcome. However, this is not universally effective, as the metro councils receive only the minimum grant. This was mitigated to some extent for the Cities of Hobart and Launceston where their successful State Government stimulus loan applications covered not just capital but some operational/relief cost. Provided these are processed and paid quickly it will provide significant relief on stressed cash flows.

Case Study - Council Airports: While not impacting all councils, the downturn in Tourism has had a particular impact where councils own and maintain airports.

It is clear that the Federal funding being provided to regional airlines is not leading to reduced pressure for those councils who own regional airports. For our small remote councils, the cost of regional airports is already a significant and unsustainable impost. This is being exacerbated under the COVID-19 Pandemic, with airlines now owing significant amounts to councils. For Flinders and King Islands there is a critical need to keep both airports open as vital public infrastructure. However, maintaining operational compliance standards (which prevents cost savings) while at the same time incurring a substantial loss of landing fee revenue places these councils under significant financial strain.

Flinders and King Islands have identified three major issues related to the sustainability of the airports:

- Large infrastructure costs related to upgrading the runways, taxi ways and aprons.
- High operational costs to address the day-to-day safety and management of the airport and its Terminal (including labour, plant and equipment required to operate and maintain the airport facilities).
- Challenging financial conditions: For example on Flinders, Sharp Airlines currently owes council an amount equal to 50% of its annual Passenger Takes, experiencing a 30% decline in passenger travel in the first month of COVID-19.

On Flinders Island landing fees and passenger taxes represent 20% of total rate income, on King Island cash losses from the airport are expected to be equivalent to 25% of rate income.

Case Study- Childcare: Similarly, while limited to eight councils, the impacts on council run childcare facilities has been significant. Tasmanian councils play an integral part in ensuring access to early learning and care for local communities across Tasmania. These centres, whilst owned by the Local Government, are operated as separate entities, where any operational deficits must be funded from the centres' operating cash reserves.

Across the impacted councils, LGAT estimates that around 80 casual and 90 permanent staff have been impacted by decreased childcare revenue. Prior to COVID-19 these centres were supporting upwards of 1000 children.

Since the introduction of the Federal Government's Early Education and Care Relief Package, these centres have all been under considerable financial pressure due to the limited financial support available to centres owned by Local Government. Unlike privately owned centres, council run centres are unable to access Job Keeper Payments and are not eligible for the Exceptional Circumstances Supplementary Payments. This ineligibility continues to put the centres under financial strain, with some councils making the difficult decision to temporarily close their centres. As we enter the recovery phase the childcare sector is crucial in supporting people to return to work. To ensure centres remain financially viable and sustainable, financial support from the Federal Government for Local Government centres is essential.

Other impacts

There have been a range of impacts on councils' operations and services. For example, councils had to reluctantly suspend or cancel community programs and events. Less predictable was the significant increase in household waste and recycling volumes related to the shift to people being home based. On a more positive note all councils have reported increased used of walkways and cycleways for passive recreation.

Overcoming the statutory requirements for council meetings to be conducted face-to-face emerged quickly as a priority with a varying ability of councils to switch to remote/online meetings with public access through live streaming. Sometimes this is

Huon Valley Children's Services provides Long Day Care (LDC) and outside School Hours Care (OSHC) for up to 171 children across Dover, Geeveston and Huonville.

The closest private providers are located in Cygnet (45 places LDC & OSHC) and Huonville (26 places LDC & OSHC).

The provision of Care by the Council is on a fee for service basis, where no financial support is provided by the rate payer. The Services all rely on the fees paid by families, funding from the Federal Government Childcare Subsidy System as well as the Community Childcare Fund.

related to councils' ICT infrastructure but in some of our rural and remote communities, access to sufficient high-quality internet proved challenging for both the council collectively and for individual staff and councillors. For example, on King Island, the only facility with sufficient bandwidth to conduct videoconferencing is the school. To enable the Council chambers to live stream meetings would require a new 4G Tower at the cost of many millions.

Regardless of technology issues, there have been positives and negatives related to moving to an online environment with more councils live streaming their council meetings and experiencing significantly enhanced public participation.

One of the positives out of this state of emergency is that the long experienced Local Government collegiality and collaboration has been magnified with regular engagement between key officers across council through a variety of innovative and electronic means.

COVID-Safe Business Planning

As restrictions ease and councils begin to resume operations, like other businesses they have to undertake the Work Health and Safety/Business Safe Plan requirements. Given the diversity of workplace types overseen by councils and the broad nature of interactions with those workplaces, many are finding this particularly onerous. This was unanticipated and the workload significant.

There have been expectations on council Environmental Health Officers (EHOs) expressed publicly by State Government - in relation to education and enforcement - but with no clarity or detail on what this will involve. Regardless of the final position, any COVID related responsibility for EHOs is likely to impact councils, as there is a nationwide shortage of EHOs.

The University of Tasmania (UTAS) has identified that there is little evidence to suggest that the current Tasmanian EHO workforce is large enough, nor adequately or equitably distributed or coordinated to minimise public health risks associated with environmental hazards and provide an optimal health protection workforce under the current regulatory requirements, let alone with additional duties. LGAT is currently working with UTAS, the Department of Health and the EPA on building future EHO capacity in Tasmania.

.idcommunity reports the following COVID-19 impacts on Tasmania:

- *GRP change (-9.4%);*
 - *Local job change (-7.2%);*
 - *Employed resident change (-7.2%);*
 - *Local jobs (-17,915) – compared to 18/19 average;*
 - *Net migration expected to be 85% down in 2021.*
 - *-4,537 jobs in accommodation and food services*
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Communities

In relation to community impacts, councils have particularly noted the effects of *closure of businesses* both temporary and permanent, increasing financial stress, disconnection and isolation. The *impact on the use of volunteers* by councils and local not-for-

profits and sporting groups has been widely experienced. A number of councils have reported an *increased demand for mental health services* and domestic violence services. It was noted they are seeing many families experiencing poverty for the first time.

Councils also noted the difficulty faced by community cohorts where there was no access to *affordable and reliable internet*. This was felt to have significantly impacted on opportunities for education and social engagement during COVID-19 restrictions. All councils have reported that their communities feel *overloaded with information* and have difficulty in understanding or applying advice, especially where there have been apparent contradictions in verbal and written guidance.

Councils have identified a *range of vulnerable groups* including single parents (no respite), migrants and humanitarian entrants, people with disabilities, young people, people with no fixed abode and seasonal workers.

They note that many businesses are struggling with cashflow and some have been less able to move to an online environment. The *disproportionate impact on tourism and hospitality businesses* is consistently reported but the impact on the arts sector was also emphasised. *Uncertainties of global markets* and future commodity trade positions are perceived as impacting primary producers, while some communities have experienced the closure of banking services.

3. What factors are likely to shape the medium and longer-term impacts for your sector/members?

Key points:

- *Financial and operational uncertainty limits the capacity to forward plan.*
- *Council revenues will be impacted by a freeze on any increases to general rates.*
- *Councils will continue to be able to function, but we may see a contraction in discretionary spending.*

The high level of budget and operational uncertainty limits the capacity to forward plan and there is an inexorable link between the speed of Tasmania's recovery (capacity to pay rates) and councils' ability to deliver and be financially sustainable.

For the Local Government sector, the worsening economic outlook will impact on the sector's expenditure and revenue sources. Rates revenue will be negatively affected in 2020-21 due to most councils responding to political and community pressure and not applying an indexation to general rates. Combined with an increase in bad debts, negative impacts on fees and charges revenue due to lower levels of economic activity and service use, it is anticipated councils will run deficit budgets for at least the next few years. While this is unlikely to see councils fall over, it is likely to lead to a focus on statutory services and may result in a contraction of discretionary spending and service delivery.

While not COVID-19 related, a compounding pressure on councils is the erosion of the rate base. This is not, as commonly suggested, simply a matter of demographic change but can relate to emerging business models and legislated rates concessions - such as is the case for charitably owned independent living units and University of Tasmania student accommodation and the transfer of public housing stock to not for profit entities.

Each year LGAT releases a Council Cost Index³. The 2020 / 21 Index was released in March this year and was 2.18%. However, as mentioned above most councils are not applying any increase to general rates for next financial year and the economic outlook is looking particularly uncertain for their 2021-22 budgets. Like any business councils will be keeping a close eye on the speed of recovery and contemplating revenue and expenditure measures to return to surplus in the medium term. Councils

³ Since 2006 LGAT has published a Council Cost Index (CCI) to better reflect the cost increases associated with the delivery of Local Government services recognising that the CPI alone does not reflect cost increases across the range of council services. Wage costs, road and bridge costs and the CPI are the most common elements used in Local Government cost indexes across Australia and Tasmania is no different in that these elements are significant components of operating costs.

- Turner, K (2020), *Councils as Place Makers (draft)*, Regional Development Australia Tasmania.

will be reviewing their financial management strategy, their budgets, their service levels, and their long-term plans. They will be applying vacancy controls over the next 12 months and where possible seeking to delay pay increases. Local Government will also be looking to embed further efficiencies and collaborations driven by the necessity of responding to COVID-19.

There will be a strong focus on council capital programs as a key plank in economic stimulus. Twenty councils will be accessing \$147 million State Government three-year interest free stimulus loans. All councils are eligible for an allocation of funding under the Federal Government's Road Transport and Community Infrastructure Stimulus Program (\$16million statewide) and a number of councils have already brought forward some of their capital

program. New capital initiatives can be a double-edged sword for councils, however, often bringing with them significant depreciation costs and asset renewal liabilities.

*The multiplier effects of Local Government place-making is notable; our survey found the 29 Councils were actively delivering (i.e. procuring for and constructing) \$389.5 Million of projects which modelling shows creates 1,744 direct jobs in construction and 1,153 indirect jobs in other industries and with multiplier effects add an extra \$193.90 Million to the Tasmanian economy.**

As will be the case for many Tasmanian businesses, the ongoing physical distancing and hygiene requirements will have a considerable impact on council operations. Councils will also be ensuring they are prepared for a second wave or another more traditional emergency event (fire, flood); noting that their flexibility to respond will now be significantly constrained.

Other concerns for the medium to longer term include:

- Recovery/retention of volunteers for community groups and council facilities;
- Risks to waste recovery markets;
- Community engagement processes and community event restrictions;
- Assisting organisations with the development of Safety Plans as more industries open and community groups try to re-establish; and
- Vacancy control/tightening resources.

Communities

When it comes to their communities, councils anticipate that anxiety around the return of tourists (particularly cruise boats) and relaxing of physical distancing will remain an issue over the medium to longer term, especially for vulnerable groups.

The likely ongoing restrictions on large scale gatherings and the threat to viability of sporting groups was regularly noted in our consultation with councils, as was the concern about individual vulnerability upon cessation of the JobSeeker/JobKeeper payments and the freeze on evictions. There is strong concern for young people with a view that school leavers will struggle to compete in the job market. The risk of an increase in child development delays as a result of limited use of early learning centres was also raised.

Nearly all councils indicated that recovery in the tourism sector will be vital to regional recovery and many expressed concerns at the vulnerability of services reliant on volunteers or donations. As indicated earlier, the uncertainty with respect to macro-economic environment, trade and supply chains is of concern for a range of industries.

4. What data or information can currently be provided to the Council on the nature and magnitude of impacts for your sector/members?

Key points:

- *The value of Local Government COVID-19 relief measures to date is approaching \$40M*
- *On average, councils' relief measures equate to 7.8% of rates revenue.*
- *On average, councils will have deficits in the order of \$2M for 20-21.*
- *The value of planned capital works across the LG sector in 20-21 is nearly \$137M.*

LGAT furnished several financial data requests to councils, with 26 councils able to assist. It should be noted however that it has been challenging for councils to make accurate estimates ahead of their budget process, with policy decisions still being made, the impacts of decisions made still being assessed and the impact on rates, fees and charges through decreased use, remissions, discounts or arrears still being measured. That being said, a broad sector picture is developing.

Key data:

<p>Estimated value of all policy decisions made including freeze on rate increases from end of March to 30 June 2021.</p> <p>(excludes capital program and loss of TasWater Dividends).</p>	<p>\$38,946,949</p>
<p>Estimated value of relief measures to 30 June 2021 (as provided previously) as a % of general rates</p>	<p>Council average 7.8%</p> <p>Range: 3 - 16.8%</p>
<p>Estimated value of relief measures to 30 June 2021 (as provided previously) as a % of total revenue</p>	<p>Council average 4.1%</p> <p>Range: 3 – 8.4%</p>
<p>Predicted deficit for 19-20</p>	<p>Council average -\$836,335</p> <p>Range: +\$1.5M to -\$9.5M</p>
<p>Predicted deficit for 20-21</p>	<p>Council average -\$2.018M</p> <p>Range: +\$467,000* to -\$12M</p> <p>*Only 2 councils predicting a surplus of around \$500k each</p>
<p>Current borrowings</p>	<p>Council average \$7.63M</p> <p>Range: \$0 – \$55M</p>
<p>Predicted borrowings to end of 20-21</p>	<p>Council average \$11.523M</p> <p>Range: \$0 – \$86M</p>
<p>Estimate of income lost through closed business units, downturn in fees/charges</p>	<p>Council average \$1.735M</p> <p>Range: \$0 – \$26.94M</p>
<p>Value of unpaid TasWater dividends 19-20</p>	<p>\$10M</p>
<p>Value of TasWater dividends 20-21</p>	<p>Anticipated at least \$10M likely \$20M</p>
<p>Anticipated additional cleaning costs across all council business for 6 months (based on 24 councils)</p>	<p>Council average \$30,000</p> <p>Range: \$0 – \$90,000</p>

Staff losses (number people and FTE) casuals	208 (estimated 78 FTEs). Note figures do not differentiate stand downs vs permanent losses.
Staff losses (number people and FTE) part-time	12 (estimated 6.4 FTEs)
Staff losses (number people and FTE) full-time	5 FTEs
Value of planned capital program 19-20	Total \$110.440M Average \$4.2M Range \$2.6M to \$59M
Value of capital works brought forward	Total \$25.326M Average \$9.7M Range \$0M to \$26M
Anticipated value of capital works program 20-21	Total \$136.772M Average \$5.26M Range \$2.8 to \$43.9M
Value of any new service offerings around recovery	\$5.1M

5. What mitigation measures are currently in place that aim to address these impacts?

Key points:

- *Councils have implemented a range of relief and mitigation measures and these are communicated through the LGAT website.*

Councils have implemented a range of relief and mitigation measures and as outlined earlier many of these have been captured in a single resource by LGAT. This is updated regularly on our website to reflect new decisions, but by way of example the document as at 3 June 2020 is provided as Attachment 1.

Other examples include:

- 1) By LGAT: regular communication and advice on Government announcements and council specific responses, development of templates such as the Hardship Policy and Remote Meeting Guidelines, refreshing of LGAT Procurement contracts to broaden local offerings.
- 2) For council operations: employment of mental health and wellbeing coordinators; cloud based IT solutions; leveraging off a strong financial position; reviewing and updating the long term financial plan; safe business planning; deferring enterprise bargaining; collaboration and resource sharing with other councils; and implementation of cross disciplinary response teams.
- 3) For communities: free flu vaccination programs, engagement of professionals to support business recovery planning, regional project and priority identification; volunteer engagement; planning for more partnerships across council, private sector and not for profits; and local employment programs.

Councils are also promoting safe community activities, supporting the delivery of crisis services by impacted not for profits, delivering a range of community services online, undertaking community engagement surveys and connecting community organisations and businesses.

6. What impacts are not being mitigated or for which there is no plan in place to mitigate?

Key points:

- *Councils perceive there may be insufficient skilled labour and resources for capital works.*
- *The impact of a potential second wave is of concern to all.*
- *The immediate impact on volunteer numbers will be hard to address given that volunteers are predominantly from the vulnerable older population.*

Two key areas were identified as being difficult to mitigate:

- 1) The competition for skilled labour and resources to undertake building and construction is seen as a key risk for recovery with a shortage of skilled labour driving up costs and delaying projects even prior to COVID-19. With borders closed and no access to interstate or foreign skilled workers this will be exacerbated. Additionally, when it comes to construction there are difficulties in ensuring appropriate physical distancing – *it is simply not always safe or feasible in relation to key tasks*. If there is to be recovery based on construction and building, what measures are being put in place to ensure there will be a skilled workforce to support such initiatives, particularly into regional areas of the state?
- 2) There is concern that no level of Government will have capacity to respond to a second wave of pandemic or a deep and prolonged economic recession.

At a community level councils noted:

- There is no real strategy about managing increased visitation from outside a municipality – messaging needs to be developed to alleviate anxiety.
- There seems to be nothing to address sporting groups and community groups other than onerous workplace safety requirements.
- There is a lack of readiness for support for individuals and families when social security payments are reduced.
- There needs to be consideration of the profound and long-term impact on young people.
- There needs to be a continued call for personal responsibility for basic mitigation measures to protect vulnerable people.
- The immediate impact on volunteer numbers will be hard to address given that volunteers are predominantly from the vulnerable older population.

7. What responses, both within the sector and more broadly, are front-of-mind and over what timeframes - what should be stopped, what should continue and what should be started?

Key points:

- *Lack of certainty about TasWater dividends and accuracy of long-term financial plans.*
- *There are increased service delivery expectations in the face of declining revenues and skills shortages.*
- *Councils have significant capacity to stimulate local economies through their capital programs.*
- *LG engagement must continue as we move from response to recovery, through the various recovery committees and with local leaders.*

Financial

For councils, the long-term financial impacts are front of mind, particularly going into a budget period. The lack of certainty about TasWater revenue, as illustrated by the immediate non-payment of dividends, has councils deeply concerned about the accuracy of their long-term financial plans. There was a strong feeling that councils had already provided significant relief through a range of measures and should not have to provide relief through dividend hits as well.

Related to financial concerns is the expectation that councils will increase their service delivery, while at the same time seeing a significant decline in revenue. For example, there are likely to be increased requirements for

“Local Government is different to State/Federal Government in that while we have to deal with zero increases etc. and loss of income, ultimately the same people (community) will have to deal with those impacts”.

Environmental Health Officers (EHOs), but no increase in available EHOs or revenue to cover their expense. Similarly, there are proposed reductions in planning time frames, with the increased workload that places on planners. However, similar to EHOs, there is a national shortage of planners and no extra income to bring on more. In general, determining how to respond to sudden needs and how to do business as usual in the face of reduced funding is occupying the attention of all councils in Tasmania.

The status of Enterprise Agreements (EAs) has also required early consideration. Some councils are at the end of Enterprise Agreements and are able to delay enterprise bargaining and freeze pays for several months. Other councils are having to apply an automatic pay increase as per a current EA. The difficulty of varying EAs in the context of busier than usual council activity, has seen most councils reluctant to go down that path, however this will inevitably lead to inequitable staff outcomes across the sector. Advice to LGAT is that there is limited opportunity for a coordinated approach to Fair Work as each EA has to be dealt with separately. It is understood that the broad issue of EAs and automatic pay increases was discussed at national cabinet without resolution.

Despite the issues outlined above, councils have significant capacity to stimulate local economies through their capital programs and many are exploring what they can bring forward to generate additional employment opportunities, but note the limitations around the availability of skilled workers outlined earlier. The challenges of program management for a significantly increased capital works and maintenance program, including project governance, delivery capacity, procurement challenges, monitoring and reporting, are not to be underestimated.

Engaging Communities/Local Recovery

Now of course, there is a focus on the gradual reopening of Tasmania and what that means for councils. There should be a continued understanding that steps on the road map to recovery may not automatically occur in their current order, and that the timeline may be affected by outbreaks, clusters or other unanticipated events. A council's roadmap to recovery may look a little different than that mapped by the State Government and may not directly align with the dates announced by the Premier. Councils are undertaking a raft of protective measures to make sure when recreational spaces and facilities do open, the safety of their community and council staff is the highest priority.

One of the issues of concern for Local Government has been the limited use of established community recovery arrangements. While acknowledging the nature of the disaster is different from a fire or flood, the core principle of recovery needing to be led by communities is still essential. It is important that the processes put in play by the PSERAC include engagement at the local level and that the State's response addresses the unique recovery requirements of the regions. Engagement must continue as we move from response to recovery, through the various recovery committees and with local leaders to ensure there is a full understanding of impact and recovery needs.

Front of mind for communities is the challenge around bringing business out of hibernation and reconnecting to employment opportunities; access to affordable

housing where work is located and addressing the health and wellbeing impacts of COVID-19, including those stemming from social isolation. It was also raised by a few councils that funding being provided to NGO's who are not normally involved in recovery should have reduced priority going forward.

8. What has been overtaken?

Key points:

- *Planned and strategic activity has been delayed.*
- *There has been an increase in single use and disposable products.*
- *Councils are seeing major private sector projects put on hold.*
- *Face to face engagement and community events have been severely disrupted.*

Councils have consistently reported that they have had to push planned activity to the side for the last few months (and likely some months more) to respond to issues created by COVID-19. The deferral of activity spans strategic (e.g. community planning); operational (e.g. EBAs, community events) and capital works activity (e.g. DEC/Wilkinsons Point).

Single use and disposable products have popped back up everywhere within the community and many businesses that used to promote and encourage bringing in containers/bags from home have had to refuse the practice. Most cafes refuse to handle "keep cups".

Councils also noted that the new work health and safety requirements have pushed other regulatory reforms into background and that COVID-19 responses have overtaken the community's "war on waste".

Councils have reported seeing the following in their communities:

- Increased short-term housing availability (including use of hotel rooms for homeless) but no significant easing of overall housing affordability, particularly in the south;
- Limited community participation in social wellbeing activities;
- Business expansion plans being placed on hold;
- Community events on hold;
- Reduced youth engagement;
- Major projects on hold, eg MONA hotel;
- A temporary easing of congestion; and

- Increased use of walkways and bicycle paths.

9. What would help your sector/members re-employ where there have been reductions in jobs, or grow employment levels?

Key points:

- *Councils have largely been able to avoid significant staffing impacts.*
- *Casual staff servicing business areas closed under public health directions have been most impacted.*
- *Local Government is a significant employer.*

When considering the sector as a whole, Local Government has endeavored to maintain existing staff through a variety of activities such as redeployment and bring forward internal project work. Consequently, there have not been significant staffing impacts. Where staff have been staff reductions (stand downs predominantly), they have largely been confined to those councils who run specific business functions affected by public health orders such as sports and aquatic centres and childcare centres. Affected councils have stood down or laid off casuals but mostly have redeployed permanent employees. While it is likely there will be future reengagement of those employees as restrictions ease and services recommence, in the short term access to Job Keeper or equivalent would be beneficial.

Employment is one of the key areas where Local Government has made a significant contribution to their local economies. In addition to providing services, councils are a significant employer – over 3000 FTEs in Tasmania and around 200,000 nationally. Importantly, Local Government is a significant employer in rural and regional areas.

In Councils, as with other businesses, the pandemic has exposed the need for a highly skilled and adaptable workforce.

There are undoubtedly opportunities for councils to grow employment to deliver programs which promote economic and social recovery – with appropriate funding. Many councils already play a significant role in delivering health and wellbeing services, apprentice/trainee programs, volunteer recruitment and support, and economic development.

Given that employment is often central to notions of economic development, councils can be understood as key employers and businesses, particularly in some areas where the council is the largest source of employment. This helps to affirm that councils can be important economic actors, but does little to shine light on the role and functions that they perform in the pursuit of local and regional development goals⁴.

10. Possible Priorities

State Government

Councils were asked what they felt should immediate priorities for State Government now and into the future. Suggestions included:

- An accelerated program of residential rental construction.
- Meaningful engagement with Local Government in relation to local recovery actions.
- Legislation to provide certainty around future TasWater dividends.
- Provision of robust and well-resourced emergency response capability with health of community a focus.
- A “Rural on Purpose” policy to support jobs growth, regional and remote population retention and workforce growth solutions for rural industries.
- A strategic whole of state approach to the Circular Economy.
- Investment in energy including hydrogen and Marinus.
- Advocacy for Local Government access to Federal Childcare Financial Support Packages.
- Targeted actions for young people, noting they are generally less resilient.
- Work closely with the Local Government sector to leverage infrastructure investments to maximise benefits for local communities and contractors; and
- Land Use Planning reform – the process needs to be finalised with a higher level of urgency.

In developing policy or programs for which Local Government is anticipated to play a role, it is important to note that the overall financial position of councils and their capacity is variable and there needs to be sufficient flexibility in responses to account for those differences.

In relation to supporting communities, councils noted the following possible actions by State Government:

- Support for major events with clear and logical guidelines.
- Reducing the onerous and bureaucratic approach to Business Safe Planning.
- Clear and consistent communication around restrictions and guidelines.
- Plan for homelessness once hotels are no longer an option.
- Increased free wifi, particularly in low SES communities.
- Funding for community transport e.g. home delivery of groceries, prescriptions etc for vulnerable.
- Technology funding for State schools to improve learning outcomes based on experience of learning from home.
- Continue implementation of strategic growth agenda.
- Systems and funding for place-based solutions.
- Inspiring leading policy innovation that supports regional productivity with small to medium enterprise growth into high value add products and experiences in the regions.
- Investing in regional infrastructure to inspire new visitor experiences.
- Investment in skills and training.
- Transitioning from an immediate relief and rescue model to a longer-term community led empowerment model.
- City Deal Projects to stimulate the economy.
- Increased business and employment support through hubs and incubator projects.
- Sufficiently resourced outreach services dealing directly with vulnerable cohorts.

Federal Government

When asked to contemplate what was needed from the Federal Government, overwhelmingly councils indicated that restoring the level of Financial Assistance Grants (or non-grant untied funding) should be a priority. They also noted that infrastructure programs should have to provide both a community benefit and an economic stimulus and noted that grant processes needed to be simplified and expedited (they routinely take 5-6 months).

Federal investment for communities should focus on jobs growth, housing security, food security, investment in infrastructure critical to improving logistics and innovation (to value add to primary industries), Project Marinus; placed based initiatives and investment in economic development; strategic and prompt investment in mitigation plans and actions for future shocks, continuation of JobKeeper and

JobSeeker and more City Deals. There is also a need to consider the particular issues related to council owned airports in regional areas.

All levels of Government should be supporting individuals to look for/seek change, innovate, and be open to doing things differently.

11. Resilience

As we move out of the response stage an important focus must be on resilience – at individual, organisational/business and community levels.

For councils, resilience has the following components:

- Rebuilt financial sustainability;
- Up to date Business Continuity and Pandemic Plans;
- Innovative practice;
- More interdisciplinary teams;
- Workforce planning to reduce key dependencies;
- Shared learnings;
- Collaboration across geographical boundaries;
- Strong connectedness to communities and strong leadership.

They also noted that it will be important to review legislation and ensure there is capacity to adapt requirements, particularly timeframes, during an incident. A few councils felt that organizational resilience stem from a stronger focus on core statutory roles.

I think most Councils will acknowledge that whilst everyone would have a Business Continuity Plan in place, very few were prepared for a pandemic

Councils indicated that community resilience would stem from:

- A diversified economy with increased social engagement with economic producers.
- Direct community capacity building to ensure communities have strong networks and methods of communication and staying in touch with each other as the environment changes.
- Not becoming complacent around health and hygiene.
- Higher value adding to local world class primary products.

- Diversity of tourism – with operators taking a broad, rather than specialised focus (e.g. just Chinese market).
- Stronger trading relations.
- Multi-skilled work forces that are adaptable and can step up in times of need.
- Ongoing commitment to place based Community and Economic Development.

Key to note is that councils found that distance, remoteness and isolation added a particular dimension to the pandemic response. While engagement of ‘hard to reach’ citizens was challenging for some, another perspective on the presence of vulnerable residents has been that there is now a greater understanding of who and where they are.

12. Community Social Recovery and the Importance of Place

Tasmania has well established recovery arrangements through the Emergency Management Act 2006, the Tasmanian Emergency Management Arrangements (2019) and through the State Special Plan for Recovery. Throughout these arrangements the fundamental principle of recovery is that it should be community led. As such Local Government is a critical player in recovery and historically this has been well recognised.

A significant amount of recovery planning is also occurring at the municipal and regional level, particularly in relation to social recovery. Councils are currently having input into this process through the municipal recovery coordinators through the social recovery committees.

Councils are well placed to inform initial recovery efforts with local knowledge and networks, noting that the fundamental principle of recovery is that it should be local community led. As we move forward into longer term recovery planning, developing mechanisms for Local Government to inform and guide efforts needs to be a key focus.

From an economic recovery perspective, traditional sectoral approaches do not provide the means for adequately dealing with the challenges and their constantly changing faces. They don’t help identify or understand how we can respond to effectively recover, rebuild and importantly transitioning our economy to be more resilient in the future. To support this and more so than ever, recovery from the COVID - 19 emergency, will require all levels of government, stakeholders and community members to work together to leverage everyone’s contribution.

Recovery will be long-term, and the planning for it needs to be strength based, people centred and anchored in place, it should be planned strategically but be dynamic.

Responses that better combine all levels of government, business and the community sector offer the greatest opportunity to support community wellbeing and livelihoods.

They should also reflect the reality of how our places work including through enabling analysis of where there are opportunities to transition our local economies to be more resilient.

Reflecting on learnings from the Black Saturday Bushfires, authors Taylor and Goodman⁴ noted that councils *reported “feeling disrespected. They found prior rules and roles were overturned and disregarded, they often struggled to establish lines of authority, and felt inadequately resourced for the tasks they had to pursue. ... politicisation of bushfire recovery, struggles with being insufficiently resourced to deal with the media... becoming the ‘meat in the sandwich’.*

State Government approaches that compounded the difficulties for Local Government, included a ‘one size fits all’ approach; an overemphasis on physical infrastructure and the built environment; the setting of unworkable time lines for project delivery; and in particular, approaches that weren’t aligned to ‘community development’”.

LGAT asked councils what community social recovery looked like for them. Firstly, they acknowledged that community social recovery will not be quick, with an anticipated time span of 1 to 2 years. It would stem from community led models (such as outlined in the National Principles for Disaster Recovery) and that Local Government was a key facilitator of connections between communities and other regional, state and national programs.

Safe business planning and new forms of service delivery are a key plank of recovery as are active volunteers and community groups and strong, proactive partnerships. Some noted that recovery will be variable and is dependent on how events are reshaped and how quickly consumer confidence builds.

Communities will need direct and targeted information and engagement. Many people may be reluctant to return to life as it was before the pandemic. Whilst there are still restrictions and timeframes subject to public health advice councils do not

Social community recovery should be community led. Each community has its own issues and strengths which will determine how best to meet those needs. Strong links between the community members and those seeking to support the recovery is essential.

⁴ Taylor, D. & Goodman, H. Place-Based and Community-Led: Specific Disaster Preparedness and Generalisable Community Resilience. CatholicCare Bushfire Community Recovery Service. Melbourne, 2015.

want to be building expectations and then not be able to deliver. There needs to be understanding that everyone's experience of COVID-19 is different.

Recovery initiatives already being delivered by councils include:

- Financial relief and support.
- Assistance with Business Safe Planning.
- Volunteer appreciation programs.
- 'Buy local' promotions.
- Appointment of specialist recovery staff.
- Joined up community/subregional/regional recovery planning.
- Business Mentoring program.
- Social and Economic Recovery Committees/ COVID Response Committee that work across the diverse functional areas of councils.
- Bringing forward of capital works.
- Targeted grants – eg technology support.
- Leaflet drops/kindness cards.

13. Where to Next

During Black Saturday and beyond, the capacity of Local Government for closer relations with community compared to other levels of government, was overlooked. It was noted that emergencies were seen to make this local quality 'fragile, easily forgotten, and can be undermined'.

Such underestimation can stem from not understanding the role of councils. As the Australian Local Government Association articulates:

- *Local governments have increasingly taken the lead role in regional economic development reflecting their presence on the ground, control of many of the levers of growth and Federal, State and Territory Governments' withdrawal from these roles. The vast majority of councils have economic development strategies and provide investment, training and networking to stimulate and grow local economies.*
- *Local Government brings strengths that other levels of government do not – a grass roots perspective that is apolitical and the resources and capacity to support local implementation in the majority of communities.*
- *The scope of local government roles and responsibilities which make it an important partner. Public health, water, sewerage, aged care, childcare, roads, bridges, walking and cycling paths, community transport, economic development, immunisations, recreation and sport, culture and arts, social inclusion, and cultural cohesion, etc.*
- *Local Government along with the Australian, State and Territory Governments, are jointly involved in funding or service delivery in a large number of policy areas including*

transport infrastructure, human services (child care, aged care), land use planning, population management, natural resources and environmental management, emergency management, and many other generators of economic development at the local level.

- *Local Government supports intergovernmental efforts and its role in reform. It has extensive roles in the development and implementation of regulations that could hamper or accelerate recovery.*
- *The management and productivity of cities is a fundamental building block of the vitality and health of the nation. Local governments have the primary responsibilities for the efficiency and amenity of cities, the quality and efficiency of development assessment processes, investment in economic infrastructure such as roads and public realm, and a range of regulatory levers to manage the complex issues such as construction impacts, parking provision and turnover, outdoor dining and flexible land uses.*
- *Regional economies are increasingly driven at the local level, with employment attraction and retention strategies run by Local Government. Business support networks, coordinated strategic planning, freight route modelling to improve productivity and coordination of advocacy for targeted funding s investment opportunities are all driven from the local level.*

Local Government is as an undervalued sector, which is at the same time expected to do the impossible, pick up any slack and be all things to everybody, particularly when help is needed regardless of capacity or resource constraints.

Local Government is community-based; it is community oriented and community-driven.

Local Government can do a lot to help Tasmania's recovery but of course it can't do everything.

LGAT is nearing completion of another submission for PESRAC that outlines some possible partnership pathways between State and Local Government, as well as industry, to deliver social and economic improvements for Tasmania. In addition to highlighting some existing initiatives which can be leveraged for broader outcomes (such as the Department of Health funded Local Government Health and Wellbeing Project), we have identified the transformative potential of a circular economy led recovery for Tasmania and provided a possible process for mapping local economies to determine what circular economy opportunities exist and how they should be supported.

Perhaps more so than any other stakeholder, councils deliver the services and infrastructure that shape the daily experiences of Tasmanians. Services that are major determinants of our community's prosperity and wellbeing. Councils are place shapers who drive most people's attachment to, and satisfaction with the area in which they live, making them an essential partner in working to create liveable places.

The greater Tasmanian community and its associated economy must, more than ever, be thought of as resulting from the combination of connected and interdependent smaller local areas.

We must focus locally to effect positive social and economic change at the regional and State level. It is imperative for our State's future success, and we must ensure that there are opportunities for all, and that no community is left behind. To address the specific priorities that exist at a local community level, flexible service delivery and funding models are often required for effective results.

While the specific focus of Local Government might be local and regional, these geographic areas represent the fundamental building blocks that make the State a great place to be.

The Local Government sector must be considered a crucial partner in any attempts to effect, economic, social and cultural change and to promote strong, healthy, liveable, viable, sustainable communities. It is not a secondary stakeholder.