Our Ref: DJL | LR

24 December 2025

Mrs Fiona Phillips MP
Chair
Inquiry into local government sustainability
House of Representatives Standing Committee on Regional Development,
Infrastructure and Transport

Dear Mrs Phillips,

Federal Inquiry into Local Government Funding

Thank you for the opportunity to provide a submission on the new Inquiry into Local Government Funding. This submission has been prepared by the Local Government Association of Tasmania (LGAT) on behalf of Tasmanian local government in collaboration with our members; all 29 councils.

LGAT is incorporated under the *Local Government Act 1993* and is the representative body and advocate for local government in Tasmania. Where a Tasmanian council has made a direct submission to this process, any omission of specific comments made by that council in this submission should not be viewed as lack of support by the LGAT for that specific issue.

Please contact me if you have any questions or would like further information, at reception@lgat.tas.gov.au

Yours sincerely,

Dion Lester
Chief Executive Officer

LGAT Submission: Federal Inquiry into Local Government Funding

Introduction

Tasmania's councils operate within a unique environment, shaped by regional dispersion, ageing demographics and significant infrastructure responsibilities under increasing climate risk. These factors, combined with higher service delivery costs and a reliance on grant funding, mean that predictable and equitable funding is critical for the sustainability and resilience of local government in Tasmania.

Tasmanian councils rely on a complex mix of funding sources, including untied grants such as Financial Assistance Grants, tied and specific-purpose grants, project-based programs, competitive grant processes and a range of own source revenues, including rates. The current funding arrangements impact the financial sustainability, service delivery capacity, and infrastructure investment of Tasmanian councils. Put simply, they are not keeping pace with the evolving responsibilities of local government, particularly in areas such as emergency management, climate resilience, and community services.

This submission builds on LGAT's earlier contribution to the original Inquiry into Local Government Sustainability (attached), which highlighted the evolving and expanding role of councils in Tasmania. That submission demonstrated how councils have moved from a minimalist 'services to property' model to providing a broader range of 'services to people', often stepping in as providers of last resort due to policy and market failures at higher levels of government. Despite their efficiency and effectiveness, Tasmanian councils face persistent cost pressures, skills shortages, and a lack of coordination in strategic planning from the Tasmanian Government. The previous submission also underscored the critical importance of untied Financial Assistance Grants, the need for indexed funding to keep pace with inflation, and the structural disadvantages faced by Tasmanian councils due to their small scale, ageing population, and high reliance on grants compared to the national average. Case studies illustrated the real-world impacts of cost escalation, funding shortfalls, and the challenges of maintaining vital infrastructure and services across diverse communities.

The following sections will extend our previous contribution to include two important additional areas within the updated Terms of Reference:

- Emergency, disaster recovery and resilience funding
- Trends in attracting and retaining a skilled workforce, impediments to security for local government workers and impacts of labour hire practices.

Emergency, Disaster Recovery and Resilience Funding

Local governments are increasingly on the frontline of climate-related and natural disasters, yet the funding mechanisms to support both immediate recovery and long-term resilience remain fragmented and unpredictable. Current arrangements are heavily weighted toward post-disaster recovery grants, which are often ad hoc, competitive, and slow to deploy. This

leaves councils exposed to escalating costs and undermines their ability to plan proactively for resilience.

Tasmania's unique context—outlined in our earlier appended submission—amplifies these challenges. Our councils operate at a smaller scale, with regionally dispersed communities and ageing demographics, and manage significant infrastructure assets under increasing climate risk. These structural factors, combined with higher service delivery costs and reliance on grant funding, make predictable and equitable funding for resilience critical. In addition to funding reform, councils need dedicated and properly resourced emergency management and disaster recovery staff to plan, coordinate, and implement resilience measures effectively. Without reform, councils will remain constrained by ad hoc recovery grants (usually restricted to like-for-like asset replacement) and lack the certainty needed for proactive planning.

Investment in resilience is not only prudent but cost-effective. Evidence shows that every dollar spent on preparedness and resilience saves at least two dollars in recovery costs. However, councils lack access to predictable, indexed funding streams to support this work. Instead, they rely on short-term, project-based grants that do not provide the certainty needed for strategic planning or ongoing maintenance of critical infrastructure, thereby increasing community risk over time.

To address these gaps, LGAT recommends:

1. Establishing dedicated, untied resilience funding for local governments to enable long-term planning and adaptation measures.
2. Indexing all emergency and disaster recovery grants to account for inflation and cost escalation between commitment and delivery.
3. Aligning funding frameworks with the principle of horizontal fiscal equalisation (i.e., ensuring all councils have the capacity to provide a comparable standard of public services), recognising Tasmania's higher service delivery costs and vulnerability to climate impacts.
4. Encouraging a shift from reactive recovery funding to proactive resilience investment, including support for councils to integrate climate adaptation into asset management and land-use planning.

Existing funding mechanisms do not currently address councils growing responsibilities in emergency management, recovery and resilience. Without these reforms, councils will continue to face escalating financial and operational risks, leaving communities more exposed to growing risks, and vulnerable to future disasters.

Workforce attraction and retention

In 2022, the Australian Local Government Association (ALGA) commissioned SGS Economics and Planning to undertake the Local Government Workforce Skills and Capability Survey on behalf of state/territory local government associations. This work, funded by the Australian Government, provides useful insights into the national workforce profile and challenges of Australia's and Tasmania's local government sector. This survey is currently being updated, with publication scheduled by mid 2026.

Attraction

For a number of roles, local government competes with other sectors for a limited number of candidates. There is both a shortage and a need to attract candidates to the local government sector.

In 2022 the roles that Tasmanian councils identified as being the most difficult to fill, and we understand this continues today, were:

- Professional and technical: environmental health officers, engineers, and planners.
- Operational and trade: plumbing inspectors, supervisors and waste/recycling operators.

The drivers and barriers for attracting people from these two categories have overlapping and distinct barriers. They include:

- Regional/rural/remote locations – there may be limited work, education or social opportunities in these locations that dissuade applicants from outside areas. Tasmania has the added disadvantage of being an island, making it more difficult to stay connected to family or friends.
- Ageing population – there are limited, suitably skilled or experienced people available locally to undertake the work.
- Housing – may not be available for rent or purchase, a nationwide issue.
- Lack of appropriately qualified people, including plumbing inspectors.
- Competition with private sector, who can offer more attractive remuneration packages.

These barriers are not readily addressable by councils, so they market their strengths when advertising roles, such as:

- Lifestyle, Tasmania's natural beauty, recreation and food
- Clean environment and no traffic
- Flexibility in work modes and patterns
- Additional benefits such as aquatic centre or gym membership for councils that have these facilities.

The Careers at Council website www.careersatcouncil.com.au markets local government as a rewarding, diverse sector for people to work in. It also provides a consolidated platform for councils to advertise their active jobs.

Marketing approaches may influence some job decisions, but are unlikely to overcome the barriers identified above.

Retention

A number of the issues that lead to challenges with attracting staff are also barriers to retention:

- Housing – a change in housing may lead to higher costs, or not being able to get new housing.
- Services – the level of services and experiences may be too limited for those that have moved from other parts of Australia.
- Opportunities – as the needs of a family change over time, there may be limited opportunities in education or employment.

The size of Tasmanian councils also plays an important role. Our councils, by employee count, are medium-sized enterprises. While the average FTE of the state's councils is 121, this does not demonstrate the diversity with the three largest councils over 300 FTEs, and the six smallest under 40 FTE. The organisational size of our councils means that:

- there are limited opportunities for career or remuneration progression
- learning and development opportunities are reduced, as there is not the internal capacity or capability to identify or deliver
- innovation and new technology take-up may be limited due to limited budgets and capabilities.

These are all significant contributing factors to retaining qualified and skilled staff, particularly in smaller councils.

To address these challenges, LGAT recommends:

1. Increase untied funding (Financial Assistance Grants) - Increase untied funding to local government to provide the long-term certainty required to enable councils to invest in workforce stability and capability. This will provide councils with the flexibility to address local workforce needs, including recruitment, retention, and skills development.
2. Support for regional and remote workforce needs – Establish dedicated streams or loadings for regional and remote workforce attraction and retention should be considered to recognise the higher costs and structural disadvantages faced by these councils.
3. Invest in skills development and career pathways - Provide targeted funding for professional development, training, and leadership programs, especially for councils

with limited resources. Smaller councils often lack the internal capacity to deliver learning and development opportunities, which limits career progression and innovation.

Addressing workforce challenges in Tasmanian local government requires a holistic approach, but increased untied funding from the Australian Government is foundational. It enables councils to offer secure employment, invest in skills, and respond flexibly to local needs—ultimately ensuring that communities across Tasmania are served by a capable and sustainable local government workforce.