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Senator The Hon Fiona Nash  
Minister for Local Government and Territories  
Parliament House  
CANBERRA ACT 2600

c/- Mr Steve Dreezer  
General Manager  
Local Government Branch  
Email: [steve.dreezer@infrastructure.gov.au](mailto:steve.dreezer@infrastructure.gov.au)

Dear Senator Nash

### **2015-16 Local Government National Report**

Thank you for your letter of 1 November 2016 seeking the Local Government Association of Tasmania's (LGAT) input into the *2015-16 Local Government National Report*. I would like to provide the following information in response to the four key topics for which you are seeking information.

#### **Developments in the use of long term financial and asset management plans by Local Government**

Long term financial and asset management practices have been a significant focus for the Tasmanian Local Government sector in recent years. Since 2011, LGAT has been integrally involved in several projects designed to better understand and improve practice in relation to strategic asset management and its link to long term financial planning. These projects are briefly described below:

##### *Local Government Financial and Asset Reform Project*

The Local Government Financial and Asset Reform Project commenced in 2011 and was funded by the Commonwealth's Local Government Reform Fund. Tasmania received the sum of \$870 000 to develop an integrated framework for long-term financial and asset management planning. The Project was managed by LGAT, with input from the State Government, and involved developing long-term financial and asset management planning templates and implementing their usage across all Tasmanian councils.

Specific outcomes for this project relating to asset management have included:

- Improved ability of Tasmanian councils to plan and manage assets effectively for their communities;
- The development of the Tasmanian Local Government Asset Management Policy, which provided the policy framework for councils to develop their own policies and strategies for sustainable long-term asset management;
- Asset Management Plans for major asset classes in all Tasmanian councils.

### *Legislative Framework*

In February 2014, Ministerial Orders were gazetted requiring councils to develop long-term financial and asset management strategies and report sustainability indicators in the notes to annual financial statements. Detailed information in relation to this was provided by the State Government for the 2012-13 Local Government National Report.

### *Financial and Asset Management Practice Summaries*

In 2015 LGAT published 17 Practice Summaries to provide guidance on a range of long-term financial and asset management planning. These Practice Summaries are a quick reference for practitioners on the best approaches to a range of asset and financial management practices, promoting consistency and efficiency, as well as responding to the current legislative requirements in relation to Local Government asset management planning.

In 2016 LGAT developed a Strategic Asset Management Plan template for use by Tasmanian councils. This document is aimed to be a combination of an Asset Management Strategy and a summary Asset Management Plan and meets the Tasmanian Local Government Act requirements for a Strategic Asset Management Plan. The aim is to simplify the requirements of having an Asset Management Strategy and Strategic Asset Management Plan by combining them into one document.

### **Actions to develop and implement comparative performance measures between local governing bodies**

#### *Continuous Improvement Framework*

In 2015, Tasmanian State and Local Governments agreed to the development of a Continuous Improvement Framework (CIF). The aim of the CIF is to provide councils with tools to promote continuous improvement. The CIF will entail the development of new and targeted resources such as case studies, best practice guides, templates, and training, to support performance improvements.

The CIF concept was developed following a 2014 evaluation of the previously established joint State/Local Government Sustainability Objectives and Indicators (SOI) project.

#### *Sustainability and Objectives Indicators*

In December 2011, the Local Government Division and LGAT established 17 sustainability and objectives indicators after extensive consultation with the Local Government sector and stakeholders to measure Local Government performance in the following four key Local Government areas:

- Financial management;
- Asset management;
- Land-use planning; and
- Community satisfaction.

Five of the indicators have associated benchmarks against which council performance can be assessed. For the remaining 12 indicators, targets or benchmarks may be set in the future.

A detailed summary of the indicators (PDF) is available from the Tasmanian State Government's Local Government Division website.

[http://www.dpac.tas.gov.au/divisions/local\\_government/measuring\\_sustainability](http://www.dpac.tas.gov.au/divisions/local_government/measuring_sustainability).

#### *Auditor-General Annual Performance Assessments*

The Tasmanian Auditor-General assesses annually the financial sustainability and operational efficiency of councils.

The financial sustainability indicator ratios are:

- Operating surplus;
- Asset sustainability;
- Asset renewal funding;
- Road asset consumption; and
- Net financial liabilities.

The operational efficiency indicator ratios are:

- Rates per rateable property;
- Rates per head of population;
- Operating costs per rateable property;
- Average staff costs per full time equivalent (FTE) employees; and
- FTEs per head of population.

#### **Reforms undertaken during 2015-16 to improve the efficiency and effectiveness of Local Government service delivery**

##### *Review of the Local Government Act 1993*

The Tasmanian Government released a Discussion Paper for consultation in April 2016, outlining a Targeted Review of the *Local Government Act 1993* (the Act).

The targeted review of the Act is aimed at improving governance arrangements within councils. The review will ensure the legislative framework for Local Government is effective and efficient.

The following matters are being considered:

- The functions of mayors, deputy mayors and elected members;
- The appointment, functions and powers of the general manager;
- Financial management and reporting;
- The functions and powers of the Director of Local Government;
- The functions, powers and procedures of the Local Government Board;
- The functions, powers and procedures of a Board of Inquiry;
- Local Government elections – electoral rolls, funding and advertising;
- The recognition, structure and role of regional bodies; and
- The reduction of unnecessary administrative requirements.

It is expected any necessary amendments to the Act emanating from the review will be introduced to Parliament by May 2017.

### *Local Government Reform Opportunities*

Most Tasmanian councils are currently working with the State Government to explore sectoral reform options, with the foundational objective of building a strong and resilient Local Government sector and improving the service delivery outcomes for Tasmanian communities.

The State Government and participating councils have established four Memorandums of Understanding (MoUs) to conduct feasibility studies for 24 of Tasmania's 29 councils. The MoUs outline the Terms of Reference for each study, joint funding arrangements, and the roles and responsibilities of stakeholders.

The four studies will consider various reform opportunities for:

- Four Greater Hobart Councils;
- Four South East Councils;
- Nine Cradle Coast Councils; and
- Eight Northern Councils.

Each study will incorporate reliable evidence upon which councils, in close consultation with their communities, can make informed Local Government reform decisions. The studies represent some of the largest and most thorough examinations of reform options for various groups of councils ever undertaken in the State. They will consider the potential for, and possible savings from voluntary amalgamations, shared services, fee for service and other reform models considered appropriate.

Four reform principles must be met in order for any of the reform proposals to be considered further.

Namely, proposals must:

- Be in the interest of ratepayers;
- Improve the level of services for communities;
- Preserve and maintain local representation; and
- Ensure that the financial status of the entities is strengthened.

The Tasmanian Government, in partnership with councils, has funded the development of feasibility studies of proposed amalgamations and strategic shared services. The four studies are at various stages of development.

The first draft report into the four South East Councils was issued during October 2016, with the remainder of the studies are expected to be finalised in early 2017.

In 2016, four north-west councils independently engaged the University of Technology Sydney: Centre for Local Government to assess the savings and other impacts delivered through resource sharing with the evidence demonstrating considerable financial efficiency and service improvement outcomes through the arrangements in place.

### *Development of a Good Governance Guide for Local Government*

The Good Governance Guide was produced in May 2016 by the State Government's Local Government Division, working closely with LGAT. The Guide acts as a resource for Tasmanian Local Government elected members to help build a better understanding of, promote and enhance good governance in Local Government.

**Initiatives undertake and services provided by Local Governments to Aboriginal and Torres Strait Islander communities**

There were no specific Local Government initiatives undertaken in 2015-16 in Tasmania in relation to service delivery to the Aboriginal and Torres Strait Islander communities.

It is perhaps worth mentioning however that at its 2016 July General Meeting the Association resolved to support the proposed amendment to the Tasmanian Constitution to provide for constitutional recognition of Tasmanian Aboriginal people.

Thank you again for the invitation to provide input to your Report.

Should the Commonwealth Government have any further queries in relation to the Local Government Association of Tasmania's input, please contact me on 03 6233 5960 or at [Katrena.stephenson@lgat.tas.gov.au](mailto:Katrena.stephenson@lgat.tas.gov.au)

Yours sincerely



Dr Katrena Stephenson  
**CHIEF EXECUTIVE OFFICER**