

**By Email Only:** [LG.consultation@dpac.tas.gov.au](mailto:LG.consultation@dpac.tas.gov.au)

To Whom It May Concern:

**RE: LOCAL GOVERNMENT (TARGETED REFORM) AMENDMENT BILL 2025 –  
EXPOSURE DRAFT CONSULTATION**

Thank you for the opportunity to provide input into the above document. This response addresses those parts of the Paper considered relevant at this stage as well as the broader reform agenda outlined in the *Local Government Priority Reform Program 2024-26* (the Program).

The Property Council of Australia agrees with the recommendations in the Program and believes that the structure and activity of local government require serious and sustained reform that focuses on improving benefits for the Tasmanian community.

The reforms outlined in the *Local Government (Targeted Reform) Amendment Bill 2025* (the Bill) appear commonsense, and will go some way to addressing some of the challenges faced by local government, however it is the Property Council's view that the fundamental issues will not be overcome by the reforms suggested in the Bill because the sequencing of the reforms is incorrect.

By way of example, the introduction of a temporary advisor into the Bill appears to be a response to deal with governance issues that are symptomatic of the sorts of issues that plague smaller, less well-resourced councils. By moving to fewer councils you are automatically creating larger, more professionally staffed organisations, drawn from a much larger population base. The Property Council believes that this will also lead to the attraction and retention of higher quality councillors. The resultant uplift across the newly formed larger council will inevitably resolve many of the governance issues without any form of State Government intervention.

It is our belief that only when the final two reform priorities outlined in the program are addressed that the real issues facing local government can be properly overcome. Without addressing council financial sustainability and structural reform the underlying challenges will remain, and the current reform process will be no more than "window dressing".

For the above reason, the Property Council urges government to consider embarking on Options 4 and 5 first, with the resultant (minor) reforms being implemented to assist the above major reforms, 4 and 5. If the reforms must take place in the order specified, it is critically important that they be undertaken as soon as possible to

facilitate the reforms 4 and 5. Put simply, the smaller reforms that are currently being contemplated should be reprioritised, but if this is not possible, they must be expedited to progress the more important later reforms that need to follow.

There has not been major reform to the local government structure since 1997, and it is our belief that if local government continues to go unchallenged and unchanged through this process, it will be a huge opportunity missed and possibly decades before any meaningful reform is initiated.

Done properly, council amalgamation would bring enhanced strategic capacity, stronger financial sustainability, improved service delivery and better local democracy.

These reforms would not mean a diminished role for councils but would create stronger and larger councils that are better able to meet the challenges of the future.

Currently, 29 councils and more than 281 councillors service a population of around 570,000 Tasmanians. In comparison, Brisbane City Council, with its population of around 1.25 million, is a single municipality with 26 councillors. The large number of councils and councillors in Tasmania inevitably means that good money is wasted on duplicated services, over governance, and poor decision making, all subsidised by State and Federal Government funding and an ever-increasing burden of rates.

Tasmanians need local government to function well – and every independent report available says the case for reducing the number of councils is compelling.

The Property Council's position is reinforced by a large amount of literature on this topic, including *The future of local government review – Final Report dated October 2023* which included the following commentary in its Executive Summary:

*Our current system means many councils are unable to meet increasingly complex community needs in a way that is equitable and consistent. In part this is because our system of local government still reflects the structure, functional and service requirements, and funding mechanisms established during the last significant reform process 30 years ago. While councils have evolved and adapted to meet emerging and future community needs as best they can, they are structurally constrained by an institutional framework that is no longer fit for purpose.*

Another important factor in the local government debate is that there is no compelling reason for councils to reform themselves. Unlike Commonwealth and State governments, councils are not limited in their access to the funds for their budget. They simply increase the amount they require and then divide the pie amongst all ratepayers. The Commonwealth and State must undertake complex taxation procedures to raise the money needed for the budget. They cannot simply increase

their budget by CPI or some other number. Sometimes the Commonwealth or State budget must contract to reflect income.

A council budget never contracts and hence there is never an incentive to achieve savings through efficiency, reduction in services or amalgamation. For example, if councils need more money to (inefficiently) manage themselves, they just charge their ratepayers more to make up for any budgeted shortfall.

To illustrate the above point, councils rely on TasWater dividend payments to meet their budgets whilst TasWater are pushing for very large price increases in their latest Pricing Services Plan. The justification for the very large increases is to cover legacy underspending by most councils. The irony of councils drawing a dividend as shareholders of an entity that has inherited aged infrastructure because of decades of underinvestment does not sit well with industry.

The Property Council is supportive of the government's reform agenda but urges it to consider the Property Council's suggestions to ensure that the larger reforms are implemented before the fine tuning of the Act.

Tasmania requires actions to improve its long-term economic future, and local government reform is a long overdue action that meets this need.

The Property Council is more than happy to meet and discuss this submission in more detail. For any queries, please feel free to contact Michael Kerschbaum, Interim Executive Director, at [MKerschbaum@propertycouncil.com.au](mailto:MKerschbaum@propertycouncil.com.au) or 0438 343 810.