

16.2 FUTURE OF LOCAL GOVERNMENT REVIEW

File Number: 12.193

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Strategic Plan Reference

Key Priority Area: 1 Encourage and support a safe, healthy and connected community.

Strategic Outcome: 1.1 A Council that engages with and enables its community.

1. PURPOSE

- 1.1 The purpose of this report is to enable Council to consider providing a submission to the Future of Local Government Review – Final Report.

2. BACKGROUND

- 2.1 The Local Government Board (the Board) is undertaking the future of local government review.

3. STATUTORY REQUIREMENTS

- 3.1 The Board, established to undertake the review, has been appointed by the Minister for Local Government under section 210 of the *Local Government Act 1993*.

4. DISCUSSION

- 4.1 The Board commenced the Future of Local Government Review in January 2022.
- 4.2 Council considered a report regarding the Future of Local Government Review Stage 2 Options Paper at its meeting held on 17 July 2023. Council resolved to provide a submission to the Board that reiterates Council's continued openness to reform that seeks to deliver a more capable and sustainable system of local government and expresses Council's openness to collaborate with Huon Valley Council to further investigate Southern Shore Scenario 2 (Minute C11/14-2023 refers).
- 4.3 Council's submission expressed a desire to collaborate with Huon Valley to further investigate Southern Shore Scenario 2 that combines the existing Kingborough and Huon Valley Council areas to create one new council south of Hobart.
- 4.4 Council's submission also suggested that investigation of this scenario should also involve consideration of the potential addition of Taroona to our capital city council and a Bruny Island Board alternative scenario.
- 4.5 The Board, having considered all submissions received on the Stage 2 Options Paper, released their final report in October 2023 and the Minister for Local Government is allowing until 29 February 2024 for submissions.
- 4.6 The Final Report includes an integrated package of 37 reforms and an implementation plan for the next few years.
- 4.7 The Final Report recognises the state government's position that there would be no forced amalgamations resulting from the review and that specific boundary changes would only proceed if councils and the community support them. It outlines a process for

voluntary council amalgamations linked to regional partnerships with the state government.

- 4.8 Groups of councils who have said they are open to exploring the benefits of amalgamations are recommended as Phase 1 of the voluntary amalgamation program.
- 4.9 The Board has recommended that a formal council amalgamation proposal should be developed for Kingborough and Huon Valley councils.
- 4.10 The recommendation is for the whole area of each council and contains no mention of Taroona. Any potential loss of Taroona would erode Kingborough's population base (or a merged Kingborough and Huon Valley) by approximately 3,400 residents and reduce annual revenue by approximately \$2.9m.
- 4.11 In keeping with council's long held view on reform it is suggested that council should support the Board's recommendation that a formal council amalgamation proposal should be developed for the existing whole area of Kingborough and Huon Valley councils.
- 4.12 The full list of the Board's recommendations is addressed below:

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1	<p><i>Define in Tasmania's new Local Government Act the role of local government consistent with the statement below:</i></p> <p><i>The role of local government is to support and improve the wellbeing of Tasmanian communities by:</i></p> <ol style="list-style-type: none"> <i>1. harnessing and building on the unique strengths and capabilities of local communities;</i> <i>2 providing infrastructure and services that, to be effective, require local approaches;</i> <i>3. representing and advocating for the specific needs and interests of local communities in regional state-wide and national decision making; and</i> <i>4. promoting the social economic and environmental sustainability of communities, by mitigating and planning for climate change impacts.</i> 	<p>Supported.</p> <p>This role better reflects council's broader policy functions than what is currently captured in the <i>Local Government Act 1993</i>.</p>
2	<p><i>The Tasmanian Government through subordinate legislation should implement a Local Government Charter to support the new legislated framework for local government.</i></p> <p><i>The Charter should be developed in close consultation with the sector and clarify and consolidate in a single document councils' core functions, principles, and</i></p>	<p>Supported in principle.</p> <p>The Local Government Charter offers an opportunity to define local and state government's shared responsibilities for public service outcomes, principles for engagement and the obligations of each when delivering community services and legislative responsibilities.</p>

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	<i>responsibilities as well as the obligations of the Tasmanian Government when dealing with the sector as a partner in delivering community services and support.</i>	It is imperative that meaningful consultation continues beyond the development of the Charter and encompasses the manner in which the Charter will be codified in the new <i>Local Government Act</i> .
3	<p><i>The Tasmanian Government should work with the sector to develop, resource and implement a renewed strategic planning and reporting framework that is embedded in a new Local Government Act to support and underpin the role of local government. Under this framework councils will be required to develop - within the first year of every council election - a four-year strategic plan. The plan would consist of component plans including at minimum:</i></p> <ul style="list-style-type: none"> • <i>a community engagement plan;</i> • <i>a workforce development plan;</i> • <i>an elected member capability and professional development plan; and</i> • <i>a financial and assets sustainability plan</i> 	<p>Supported in principle.</p> <p>All councils are currently required to prepare a strategic plan for a 10-year period in accordance with S66 of the <i>Local Government Act 1993</i>.</p> <p>In addition, the review of the <i>Local Government Act</i> had already recommended that councils develop community engagement plans after each council election.</p> <p>Whilst it appears to be a pragmatic approach to introduce a 4-year strategic plan, or term plan, it must be done in conjunction with accommodating a longer-term vision for council and the community.</p> <p>The introduction of performance reporting is important to transparency and confidence in local government however, care will need to be taken that any reporting mechanism doesn't become the "tail that wags the dog".</p>
4	<p><i>Formal Council amalgamation proposals should be developed for the following:</i></p> <ul style="list-style-type: none"> • <i>West Coast Waratah-Wynard and Circular Head (into 2 councils).</i> • <i>Kentish and Latrobe councils.</i> • <i>Break O Day Glamorgan Spring Bay and Sorell Councils (into 2 councils).</i> • <i>City of Hobart and Glenorchy City Councils.</i> • <i>Kingborough and Huon Valley Councils.</i> <p><i>The Board acknowledges council interest in and discussions on boundary changes are less advanced in respect of City of Hobart and Glenorchy and Kingborough and Huon Valley Councils but nonetheless believes that these councils have expressed clear interest in further exploring opportunities The Board believes there is substantial merit in ensuring that those councils (and their</i></p>	Supported insofar as it relates to Kingborough (refer commentary earlier in this report).

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	<i>communities) are afforded the opportunity to genuinely explore structural consolidation proposals in greater detail.</i>	
5	<i>A new Local Government Board should be established to undertake detailed assessment of formal council amalgamation proposals and make recommendations to the Tasmanian Government on specific new council structures.</i>	Supported. The new Board will require members with a broad skill set and sufficient resourcing within the Office of Local Government to support it to perform its role.
6	<i>A Community Working Group (CWG) should be established in each area where formal amalgamation proposals are being prepared. The CWG would identify specific opportunities the Tasmanian Government could support to improve community outcomes.</i>	Supported in principle. Establishment of a CWG at the time the Board is undertaking any analysis of amalgamation proposals may result in cross-over or duplication of effort. A two-step approach needs to be considered that would allow the Board to analyse the proposal and make recommendations and then, if the recommendations are supported via an elector poll, establish a CWG to engage in the detailed consideration required to advance an amalgamation proposal toward the final approval stage. The terms of reference of the CWG will be a critical success factor.
7	<i>In those areas where amalgamation proposals are being developed, a community vote should be held before any reform proceeds to consider an integrated package of reform that involves both a formal council amalgamation proposal and a funded package of opportunities to improve community outcomes.</i>	Supported. For any amalgamation proposal to have the greatest chance of success it needs the support of the councils and communities involved.
8	<i>If a successful community initiated elector poll requests councils to consider amalgamation, the Minister for Local Government should request the Local Government Board to develop a formal amalgamation proposal and put it to a community vote.</i>	Not supported. This recommendation invites potential conflict in situations where the community in one council area votes for amalgamation when their neighbour does not support it or has not yet voted.
9	<i>The new Local Government Act should provide that the Minister for Local Government can require councils to</i>	Supported in principle. It is acknowledged that there is value within scale in Tasmania. Councils have addressed the issue of shared or combined services in different ways in

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	<i>participate in identified shared service or shared staffing arrangements.</i>	the past. For example, Kingborough and other southern councils have enjoyed success through the Copping Waste Disposal Site Joint Authority. A better approach would be to establish the principles governing shared service models within the proposed Local Government Charter.
10	<i>Give councils the opportunity to design identified shared service arrangements themselves, with a model only being imposed if councils cannot reach consensus.</i>	Supported in part. The first element – give councils the opportunity to design identified shared service arrangements – is supported. It is difficult to support mandatory shared service arrangements without knowing more detail.
11	<i>Before endorsing a particular mandatory shared service arrangement, the Minister for Local Government should seek the advice of the Local Government Board.</i>	Not supported. It is difficult to support mandatory shared service arrangements without knowing more detail. That said, there is support for the investigation of shared service arrangements that provide economic and social benefits for the community, and increased collaboration between councils to improve service delivery.
12	<i>If councils are unable to reach consensus on a mandatory service sharing agreement the Minister for Local Government should have the power to require councils to participate in a specific model or models the Tasmanian Government has developed.</i>	Not supported. It is difficult to support mandatory shared service arrangements without knowing more details. Some will view this proposal as a compulsory amalgamation mechanism in disguise. Any proposal to move toward a mandatory service sharing arrangement should be subject to community consultation and endorsement in the same manner as any proposed amalgamation.
13	<i>The first priorities for developing mandatory shared service arrangements should be:</i> <ul style="list-style-type: none"><i>• Sharing of key technical staff;</i><i>• sharing of common digital business systems and ICT infrastructure; and</i><i>• sharing of asset management expertise through a centralised council owned authority.</i>	Not supported. Whilst the notion of shared service arrangements is supported, noting Kingborough has participated in such for many years, it is difficult to support mandatory shared service arrangements without knowing more detail.

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14	<i>Include a statutory requirement for councils to consult with local communities to identify wellbeing priorities objectives and outcomes in a new Local Government Act. Once identified councils would be required to integrate the priorities into their strategic planning service delivery and decision making processes.</i>	Supported. Many councils are already doing significant work in this area. However, delivery of these programs (eg, Kingston Park regional playground) involves the construction of physical assets as well as financial commitment to ongoing programs. Councils would benefit from funding support from the state government, after all, health and wellbeing in the community is a whole of government issue.
15	<i>To be eligible to stand for election to council, all candidates should first undertake - within six months prior to nominating - a prescribed, mandatory education session, to ensure all candidates understand the role of councillor and their responsibilities if elected.</i>	Supported. The <i>Review of the Local Government Act</i> already included this reform.
16	<p><i>The Tasmanian Government and the Local Government sector should jointly develop and implement a contemporary, best practice learning and ongoing professional development framework for elected members as part of this framework under a new Local Government Act:</i></p> <ul style="list-style-type: none"> <i>all elected members - including both new and returning councillors - should be required to complete a prescribed 'core' learning and development program within the first 12 months of being elected; and</i> <i>councils should be required to prepare, at the beginning of each new term, an elected member learning and capability development plan to support the broader ongoing professional development needs of their elected members.</i> 	Supported. Work on this is already well underway with the Learning and Development Framework available to all elected members, although this recommendation now makes completion of the program compulsory.
17	<i>The Tasmanian Government should further investigate and consider introducing an alternative framework for councils to raise revenue from major commercial operations in their local government areas, where rates based on the improved value of land are not an</i>	Supported. This recommendation predominantly relates to electricity generation (wind and solar farms) and mining.

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	<i>efficient, effective, or equitable form of taxation.</i>	
18	<i>The Tasmanian Government should work with the sector and the development industry to further investigate and consider introducing a marginal cost based integrated developer charging regime.</i>	Supported. Currently head works costs are borne by the wider community. Reform of this type is long overdue.
19	<i>Introduce additional minimum information requirements for council rates notices to improve public transparency, accountability, and confidence in council rating and financial management decisions.</i>	Supported. This proposal aims to ensure consistency and comparability in rate notices, presented in a plain English format.
20	<i>Within the context of the national framework the Tasmanian Government should seek advice from the State Grants Commission on how it will ensure the financial assistance grants methodology is</i> <ul style="list-style-type: none"> <i>transparent and well understood by councils and the community;</i> <i>that assistance is being targeted efficiently and effectively; and</i> <i>is not acting as a disincentive for councils to pursue structural reform opportunities.</i> 	Supported. This recommendation responds to sector advocacy and the Board's difficulty in gaining an understanding of the (seemingly overcomplex) methodology used by the State Grants Commission.
21	<i>The Tasmanian Government should review the total amount of Heavy Vehicle Motor Tax revenue made available to councils and consider basing this total amount on service usage data.</i>	Supported. This recommendation is a direct result of LGATs advocacy on behalf of the sector.
22	<i>Introduce a framework for council fees and charges in a new Local Government Act to support the expanded, equitable and transparent utilisation of fees and charges to fund certain council services.</i>	Supported. The Review of Local Government Act included this reform.
23	<i>The Tasmanian Government should review the current rating system under the Local Government Act to make it simpler, more equitable, and more predictable for landowners The review should only be undertaken following implementation of the Board's other rating and revenue recommendations.</i>	Supported. This issue has expanded beyond the original concern related to, the now non-rateable, Independent Living units. This will increasingly become an issue for councils such as Kingborough given the number of Homes Tasmania homes being transferred to organisations (such as Centacare Evolve, Salvation Army and

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		Mission Australia) that then become rate exempt.
24	<i>The Tasmanian Government should work with the sector to develop, resource, and implement a best practice local government performance monitoring system.</i>	Supported in principle. Care will need to be taken that the reporting mechanism doesn't become the "tail wagging the dog".
25	<i>The Tasmanian Government should develop a clear and consistent set of guidelines for the collection, recording, and publication of data sets that underpin the new performance reporting system to improve overall data consistency and integrity and prescribe data methodology and protocols via ministerial order or similar mechanism.</i>	Supported in principle. The measures used should be service delivery outcomes focussed and help councils to initiate improvements to performance. Any required data collection set should aim to be an improvement on the current processes, rather than imposing additional requirements on councils.
26	<i>The new Strategic Planning and Reporting Framework should actively inform and drive education, compliance, and regulatory enforcement activities for the sector, and entities with responsibility for compliance monitoring and management - including the Office of Local Government and council audit panels - should be properly empowered and resourced to effectively deliver their roles.</i> <i>As part of this the Tasmanian Government should consider introducing a requirement for councils to have an internal audit function given their responsibilities for managing significant public assets and resources, and whether this requirement needs to be legislated or otherwise mandated. Consideration should also be given to resourcing internal audit via service sharing or pooling arrangements particularly for smaller councils.</i>	Supported in principle. It is suggested that the Office of Local Government should be appropriately resourced and funded by the state government. The sector should not be expected to fund their regulatory oversight functions as suggested on page 88 of the final report. Kingborough, like most larger councils, already has an internal audit function in place. However, this function will be difficult to resource for many smaller councils, particularly if the focus areas/scope is determined by the audit panels, which is what the final report implies.
27	<i>The Tasmanian Government should collaborate with the local government sector to support a genuine, co-regulatory approach to councils' regulatory responsibilities, with state agencies providing ongoing professional support to council staff and involving</i>	Supported. The new Charter for Local Government could capture this co-regulatory approach. This recommendation is a direct result of LGATs advocacy on behalf of the sector.

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	<i>councils in all stages of regulatory design and implementation.</i>	
28	<i>The Tasmanian Government should work with the local government sector to pursue opportunities to strengthen partnerships between local government and Service Tasmania.</i>	Supported. This recommendation seeks to replicate the successful arrangements established by Devonport City Council in the Paranaple building. While meritorious, the work involved to achieve it may be significant.
29	<i>Councils should migrate over time to common digital business systems and ICT infrastructure that meet their needs for digital business services, with support from the Department of Premier and Cabinet Digital Strategy and Services (DSS)</i>	Supported in principle. While many in our sector have noted there are significant opportunities in moving to common digital business systems, this would be a long term, costly and highly disruptive process. Provided this process was supported through funding from the state government the reform, although ambitious, is achievable.
30	<i>The Tasmanian Government - in consultation with the sector - should review the current legislative requirements on councils for strategic financial and asset management planning documentation to simplify and streamline the requirements and support more consistent and transparent compliance.</i>	Supported in principle. This is a very ambitious recommendation and would be a long-term project that would need to be sufficiently funded and resourced.
31	<i>The Tasmanian Government - in consultation with the sector - should investigate the viability of, and seek to implement wherever possible, standardised useful asset life ranges for all major asset classes.</i>	Supported. This recommendation comes as a direct result of council feedback to the Board. It is important to note that asset valuations and useful life assessments are overseen by the office of the Auditor General, who provides active and ongoing oversight to these functions.
32	<i>All Tasmanian councils should be required under a new Local Government Act to develop and adopt community engagement strategies - underpinned by clear deliberative engagement principles.</i>	Supported. The Review of the Local Government Act included this reform.
33	<i>A new Local Government Act should require councils, when developing and adopting their community engagement strategies, to clearly set out how they will consult on, assess, and communicate</i>	Supported. However, should this be mandated then criteria will need to be established to determine what new services and infrastructure would be subject to a community impact assessment.

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	<i>the community impact of all significant new services infrastructure.</i>	
34	<i>Following the phase 1 voluntary amalgamation program, the Tasmanian Government should commission an independent review into councillor numbers and allowances.</i>	Supported. A review into councillor numbers and allowances is overdue. The current councillor allowances do not reflect the workload and complexity involved, do not reflect the time and effort expended by councillors and arguably do not support or encourage community members to run for council.
35	<i>The Tasmanian Government should expedite reforms already agreed and/or in train in respect of statutory sanctions available to deal with councillor misconduct or poor performance.</i>	Supported.
36	<p><i>The Tasmanian Government should:</i></p> <ul style="list-style-type: none"> <i>• support the Local Government Association (LGAT) to develop and implement - in consultation with councils and their staff - a workforce development tool kit tailored to the sector and aligned with the Tasmanian Government workforce development system;</i> <i>• support councils to update their workforce plans at the time of any consolidation;</i> <i>• support LGAT to lead the development and implementation of state-wide approach to workforce development for key technical staff, beginning with environmental health officers, planners and building inspectors;</i> <i>• recognise in statute that workforce development is an ongoing responsibility of council general managers - and is included as part of the new strategic planning and reporting framework; and</i> <i>• include simple indicators of each council's workforce profile in the proposed council performance dashboard.</i> 	Supported in principle. To be successful this work also needs to have "buy in" from education and training institutions to support the strategies and actions to meet skills shortages. It will therefore be necessary for the state government to take a lead role in terms of negotiating and funding those programs with training providers.
37	<i>The Tasmanian Government should partner with, and better support councils</i>	Supported.

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	<i>to build capacity and capability to plan for and respond to emergency events and climate change impacts.</i>	This recommendation is a direct result of LGAT and council advocacy. The \$500,000 climate change capacity building program LGAT has recently commenced rolling out across the state provides a good starting point to support this recommendation.

5. FINANCE

- 5.1 Should Huon Valley council be prepared to engage in meaningful amalgamation discussions with Kingborough detailed financial analysis and modelling would be required to inform both councils, both communities and the Board as part of voluntary amalgamation process.

6. ENVIRONMENT

- 6.1 There are no environmental considerations associated with this report.

7. COMMUNICATION AND CONSULTATION

- 7.1 The future of local government review has already involved an extensive community consultation process, and this is planned to continue.

8. RISK

- 8.1 Council's long held view on being open to reform is well known and will come as no surprise to the Huon Valley council or community and as such represents little risk.

9. CONCLUSION

- 9.1 Council has previously provided a submission to the Future of Local Government Review Stage 2 Options Paper expressing openness to collaborate with Huon Valley Council to further investigate amalgamating the existing Kingborough and Huon Valley Council areas to create one new council south of Hobart.
- 9.2 It is recommended that council once again resolve accordingly.
- 9.3 In addition, it is recommended that council also resolve to provide a submission on The Future of Local Government Review Final Report generally in accordance with the comments outlined in this report.

10. RECOMMENDATION

That Council

- (a) Provide a submission on The Future of Local Government Review Final Report generally in accordance with the comments outlined in this report; and
- (b) Seek to meet with Huon Valley Council to commence discussion to further investigate amalgamating the existing Kingborough and Huon Valley Council areas to create a new council south of Hobart.

