The History of Local Government in Tasmania

Prepared for the Future of Local Government Review by the Tasmanian Policy Exchange

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ACKNOWLEDGEMENT OF COUNTRY

The University of Tasmania pays its respects to elders past and present, and to the Tasmanian Aboriginal community that continues to care for Country. We acknowledge the profound effect of colonial settlement on this Country and seek to work alongside Tasmanian Aboriginal communities, respecting their deep wisdom and knowledge as we do so.

The palawa/pakana people belong to one of the world’s oldest living cultures, continually resident on this Country for at least 40,000 years. We acknowledge this history with deep respect, along with the associated wisdom, traditions, and complex cultural and political activities and practices that continue to the present.

The University of Tasmania also recognises a history of truth that acknowledges the impacts of invasion and colonisation upon Aboriginal people, resulting in forcible removal from their lands, and profound consequences for the livelihoods of generations since.

The University of Tasmania stands for a future that profoundly respects and acknowledges Aboriginal perspectives, culture, language and history, and continued efforts to realise Aboriginal justice and rights, paving the way for a strong future.
ACKNOWLEDGEMENTS
This report has been prepared by the Tasmanian Policy Exchange (TPE) at the University of Tasmania.

The TPE has been established to enable the University of Tasmania to make timely and informed contributions to key policy debates occurring in Tasmania, thus making a positive contribution to the future of our state and its people.

This report provides a concise history of local government in Tasmania in order to inform the Future of Local Government Review.

The TPE is grateful to colleagues across the University who have contributed to this report.

For more information on the TPE please go to www.utas.edu.au/tpe

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This paper provides a synopsis of the evolution of local government in Tasmania to support the Future of Local Government Review (FLGR). Its aim is to provide an understanding of how the role, functions, and design of local government in Tasmania have changed over time and detail the social, economic, and political factors that have shaped this trajectory.

THE EARLY YEARS

Prior to the British arriving in lutruwita/Tasmania, the palawa/pakana Aboriginal peoples had been organising their communal lives via complex and sophisticated local governance structures for many thousands of years.

With colonisation came new ways to organise and manage local service provision reflecting the structures and traditions of the English model of local government. The emergence of local government was largely a pragmatic response to the need for community-level decision making and infrastructure and service provision across Tasmania’s localities.

After the granting of responsible self-government in 1856, there were several attempts to achieve full and consistent municipalisation in Tasmania leading eventually to the Local Government Act 1906. This legislation divided Tasmania into 51 local government areas and prescribed specific roles and responsibilities for councils.

THE TWENTIETH CENTURY AND BEYOND

Local government reform has historically been challenging (especially when the impetus is external or unilateral) and most reform attempts over the course of the twentieth century have not achieved their aims. Nevertheless, analysis of reforms that did succeed (to varying degrees), notably the ‘Modernisation Process’ of the early-1990s, provides some insights regarding the processes and approaches most likely to lead to change. In particular, the history of local government reform suggests that:

• Reform efforts that do not enjoy broad-based community and stakeholder support are unlikely to be successful highlighting the need for a collaborative and negotiated approach;

• While functional or financial rationales for change are important, community concerns are more likely to be focussed on service delivery and local representation – engaging with residents and communities on these terms is important;

• A clear and pressing rationale for change, communicated effectively, is crucial to building support within the sector;

• Achieving broad political support in both houses of the Tasmanian Parliament will greatly enhance the prospects of achieving reform;

• A considered, consultative and collaborative approach, with local government itself involved in all aspects of the process, is more likely to result in change – even if co-design with councils necessitates compromise.

What is also clear is that resourcing and economic circumstances often influence the timing and outcome of reform proposals. Economic downturns and recessions often serve as a catalyst for rationalisation and amalgamation.

While there is no doubt that change is important in the local government sector as communities evolve, it is clear too that there is a good deal of continuity in local government in part because of the sector’s enduring statutory obligations and institutionalised roles. While change is often necessary it is also inevitably contested and should not be pursued for ‘change’s sake’ – in some cases, stability is important too.

LOOKING INTO THE FUTURE

The historical account of local government in Tasmania presented in this paper suggests there will be an ongoing and potentially more significant role for the sector in the future, with reform agendas reflecting the changing needs of society. While some roles and functions may become less important over time or may be delivered by or in collaboration with other tiers of government, both the COVID-19 recovery and contemporary theory and practice of local government suggest an important and enduring role for local government. This paper identifies five trends that are likely to shape local government’s future in Tasmania:

• Centralisation – Council-state relations have been characterised by a clear (if uneven) trend towards centralisation, from the early days (consolidating services or limiting council functions via prescriptive legislation) to more recent history (water and sewerage reforms or the Tasmanian Planning Scheme).
• **New services and expanding functions** – Recent years have seen councils shift from a relatively narrow focus on transactional property services towards more expansive ‘services to people’, including community development and place-shaping initiatives.

• **Collaboration and intergovernmental initiatives**
  The three tiers of government increasingly collaborate on policy design, funding and delivery in recognition of the fact that some policies may need multiple levels of government participation and that some levels of government may be more appropriate for policy delivery than others.

• **Climate change adaptation, conservation and environmental stewardship** – As the effects of climate change become more tangible, local government will, alongside other organisations or tiers of government, play an increasingly important role in protecting communities and natural environments, as well as ensuring development, critical infrastructure and the built environment are resilient and adaptable to the effects of the changing climate.

• **Social, technological, and demographic change**
  Increasing mobility, migration, globalisation, and digital connectedness are changing the ways that people relate to and identify with their local areas. While this final theme is addressed in passing here, it is the subject of another research paper prepared for the FLGR, which will provide more detailed analysis of these issues.
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This paper provides a synopsis of the evolution of local government in Tasmania, from the early colonial period through to recent reform efforts. The paper has been commissioned by the Future of Local Government Review (FLGR) to provide the Local Government Board (LGB), stakeholders in the review process, and the wider community with a deeper understanding of how the role, functions and design of local government in Tasmania have changed over time and the social, economic and political factors that have shaped this trajectory.

Part 1 outlines the origins and development of local government in Tasmania through the nineteenth and twentieth centuries. In doing so, it covers the British influence on the early models adopted and the move towards more standardised and regulated approaches.

Part 2 focuses on the 1990s reform era. Analysis of the 1993 reforms highlights how the considered, comprehensive and inclusive nature of the approach and processes undertaken contributed to their success. On the other hand, examination of the 1997 reform process suggests that there were various factors that contributed to its failure, including a compressed timeline and the linking of the proposed local government reforms to a broader attempt to reduce the size of the Tasmanian Parliament.

Part 3 looks at the evolution and adaptation of local government in the twenty-first century. Key measures during this time include the establishment of the Premier’s Local Government Council and the transfer of responsibility for water and sewerage operations from individual councils to a single state-wide entity, TasWater. Also notable during this time have been the pushes for voluntary amalgamations of councils, resource sharing and the development of a state-wide planning scheme.

Part 4 provides a snapshot of the present structure of local government in Tasmania and discusses key historical trends likely to shape its future.

Above all, the Tasmanian experience suggests that local government eventually adapts to changing community needs and social and economic circumstances, but whether such change has been strategic or served the best interests of the Tasmanian community remains a point of contention. Indeed, after a long period of relatively organic and incremental adaptation it may be that a proactive approach to ensuring that local government can meet the future needs of the Tasmanian community will deliver long-term dividends. While the substance and scope of reform agendas will inevitably be contested, it is hoped that the analysis presented here will provide insights into the circumstances under which local government reform is likely to be successful and the reform processes most likely to deliver benefits to councils and the communities they service.
1.1: The emergence of local government in the nineteenth century

Although its present-day structures have their roots in the early-nineteenth century, sophisticated forms of local governance in lutruwita/Tasmania predate colonisation by many thousands of years.

Prior to the arrival of the British, palawa/pakana Aboriginal nations comprising a complex of social groups coordinated access to resources and trade, cultural and political processes, seasonal migration and land management among other communal tasks via sophisticated forms of local organisation. When British settlers arrived on the island, disrupting and displacing these structures, they too began organising localised and discrete authorities for the provision of services reflecting the civic and political traditions of their former homes. By 1856 early forms of local government in the English tradition were responsible for services as varied as policing, road building, markets, ports, cemeteries, and agricultural development.

The emergence and proliferation of local authorities during this period was driven by two distinct influences. The first was an inclination towards establishing systems of government common in settlers’ former homes. The second is the fact that settlers were accustomed to at least some basic political rights (such as voting in elections or trial by jury) and resisted efforts by the colonial government to raise revenue without democratic accountability or representation. This can in part be attributed to the more egalitarian and anti-establishment political climate which existed in the Australian colonies relative to Britain at the time. Settlers’ distrust of unaccountable colonial government manifested in a preference for local representation, albeit with very limited franchise and limited formal authority. In practice, settlers often opted to procure services from local authorities rather than pay taxes to the colonial government. The result was that many important services were delivered by specific, devolved local authorities such as Roads Trusts, Cemetery Trusts, Licensing Boards, Water Trusts, Town Boards, and so on. As Lloyd Robson notes, according to a parliamentary committee investigating local government reform in 1899:

> Local interests were cared for in Tasmania by a bewildering variety of [local governance institutions] … In a population of 173,000 there were no fewer than 366 local bodies employing 2012 persons.1

At least until the granting of self-government in 1856, the increasingly independent colonial administration largely allowed this spread of local authorities as a practical means of delivering local services, accepting that they were unable to effectively curtail it in any case. However, as the weak and somewhat chaotic parliaments of the 1850s were replaced by more durable and effective ones, efforts to centralise some key municipal functions and deliver more consistent and effective local government gradually emerged. It is noteworthy that Tasmania was one of the last jurisdictions in Australia to move past the so-called “permissive period” and achieve a sound legislative basis for full municipalisation.2 While the Tasmanian State Government did manage to centralise policing in 1898, several efforts throughout the 1880s and 1890s to either consolidate or centralise other municipal functions and amalgamate local authorities were unsuccessful.
1.2: The *Local Government Act 1906*

Financial pressures following the 1890s depression and the additional burdens that accompanied federation in 1901 acted as a catalyst for more comprehensive local government reform, which was finally achieved with the passage of the *Local Government Act 1906*. The new framework divided the state into 51 local government areas (LGAs) – 49 rural municipalities plus the cities of Hobart and Launceston (see map Figure 1 below), comprising varying numbers of wards.³

To address the informal and unwieldy basis on which local government had been established in Tasmania in the nineteenth century, the 1906 Act adopted a highly prescriptive approach whereby the specific roles and responsibilities of Tasmanian councils were detailed explicitly.⁴ A noteworthy strategy that ultimately helped secure the passage of the 1906 legislation was the decision to delegate responsibility for drawing the new council boundaries to an independent commission. This enabled the Government to secure legislative support for the principle of comprehensive boundary reform while the specific details of the changes themselves were determined after the passage of the Bill.

While this approach did finally deliver a formal legal basis for local government in Tasmania, the challenge of consolidating the diverse array of roles and functions that had emerged during the previous century meant that the legislation itself was extremely complex. As reported in *The Mercury* following the Bill’s introduction to Parliament,

> the whole thing is so complicated that very few members of the Assembly can make even a pretence of understanding it [...] and we are quite sure that the greater part of members of local governing bodies are really ignorant on the subject.⁵

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*Figure 1: Members of the New Norfolk Municipal Council, 1912*  
(Image source: University of Tasmania library)
PART ONE: ORIGINS AND EARLY HISTORY OF LOCAL GOVERNMENT IN TASMANIA

Figure 2: Map of Tasmania showing municipalities and districts under the Local Government Act 1906
[Image source: National Library of Australia]
PART ONE: ORIGINS AND EARLY HISTORY OF LOCAL GOVERNMENT IN TASMANIA

1853
Launceston Council established

1846
Hobart Board of Commissioners established

1803-1850s
An informal system of local governance (roads trusts, cemetery trusts, town boards, etc) emerges based on English models

Prior to 1803
Palawa/pakana Aboriginal peoples organised their communal lives via complex and sophisticated local governance structures

1856
Beginning of responsible self-government in Tasmania

1858
Rural Municipalities Act passed by the new Tasmanian Parliament

1865/1866
11 municipal districts and 19 rural municipalities proclaimed

1888 and 1899
Failure of Bills to consolidate and reform local government

1898
Centralisation of policing and removal of police subsidies from local authorities

1901
Federation, which imposed a significant additional cost burden on the Tasmanian Government

1906/1907
Introduction and passage of Local Government Act 1906, providing for 5 commissioners to be charged with dividing Tasmania into no fewer than 35 and no more than 50 districts (replacing approximately 400 local authorities in Tasmania)

1924 and 1926
Two failed attempts to reorganise and consolidate municipal boundaries

1939-1941
Royal Commission on Local Government focussing on roads/infrastructure and financing. New local government bill introduced to Parliament but practically all substantive measures rejected

1960
Parliamentary Select Committee Report into local government

1962
Passage of the Local Government Act 1962

1965
Municipal Commission of Tasmania Report

1974
First national referendum on constitutional recognition of local government (rejected)

1979
The Board of Inquiry into Local Government in Launceston and Related Areas (‘Chapman Inquiry’)

1985/1986
City of Launceston expansion (amalgamation with Lilydale and St. Leonards) and amalgamation of Gormanston and Queenstown

1988
Second national referendum on constitutional recognition of local government (rejected)

Key:
- Unsuccessful reviews and inquiries
- Significant events impacting local government in Tasmania

Figure 3: Timeline of key historical developments in the nineteenth and twentieth centuries
1.3: Consolidation and failed reform attempts: 1906-1990

Despite being unwieldy and complex, the 1906 Act and the administrative geography it established persisted largely intact until 1993, despite several attempts at reform.

Notable episodes (see timeline) include failed amalgamation efforts in 1924 and 1926; the 1939 Royal Commission and subsequent new legislation in 1940; the Parliamentary Select Committee report in 1960; Municipal Commission of Tasmania reports in 1965 and 1974; and the ‘Chapman Inquiry’ in 1979. With the exception of some minor boundary changes, such as the expansion of the city of Launceston in 1985 (absorbing St. Leonard’s and Lilydale) and the amalgamation of the rapidly declining township of Gormanston with Queenstown in 1986, these reports and inquiries resulted in almost no substantive change.

In almost all cases, the rationale behind these efforts has been financial. Tasmania’s large number of small councils with relatively high fixed costs and insufficient own-source revenues made the sector an almost constant target for reform throughout the twentieth century.

In a large number of specific instances, the inability of successive state governments to achieve reform is largely due to the robust support local governments have received from the Legislative Council. Some scholars have attributed this support to the large number of MLCs who formerly (or concurrently) served as members of local councils. Others have blamed the stalemate on a perception that state governments persistently attempt to reform local government in unilateral or adversarial ways, in the absence of support from Tasmania’s traditionally independent and unaligned upper house. It is also possible that Tasmania’s electoral system is a contributing factor. In contrast to the federal government and most other states, Tasmanian MHAs represent large multi-member electorates while MLCs represent small, single-member ones typically filled by members with strong local profiles who campaigned on local issues. In any case, the Legislative Council has long been a reliable ally in local government efforts to resist amalgamation – indeed between 1949 and 1960 (and in addition to the inquiries listed in the previous paragraphs), MLCs blocked boundary reform legislation no fewer than five times. Almost 90 years of these and other failed reform efforts led one former Director of Local Government to conclude that “the only effect of these reviews was to produce resentment and opposition from Councils, and frustration from the state government”.

A conclusion that can be drawn from the failed reform efforts of the twentieth century is that broad-based political support from the local government sector and wider Tasmanian community may be an essential precondition for successful local government reform, a point that was clearly demonstrated in the 1990s.
Part One: Key insights from the early history of local government in Tasmania

- Local government in Tasmania emerged as a relatively organic, pragmatic response to the challenges of centralised government in a large and sparsely populated rural colonial setting.

- In the absence of the basic rights of citizenship to which they had been accustomed in the UK, free settlers preferred local, democratic provision of services to unelected colonial administration.

- Even in this early period, reform was challenging and elusive. Following the granting of responsible self-government in 1856, successive Parliaments attempted to consolidate local government functions and boundaries several times but did not succeed until 1906.

- The Local Government Act 1906 was a major step forward, providing a relatively sound and durable legal basis for the sector and finally achieving full, consistent municipalisation of Tasmania. Despite many attempts, however, further significant reform would not be achieved for almost 90 years.

- The functions performed by local governments in this early period, and their formal, prescriptive embodiment in the 1906 legislation, are central to understanding the path-dependent reform trajectory of the twentieth century. The gradual accretion of competencies executed by local government in its early history determined the legislative approach adopted in 1904-6, and this in turn determined the functional and boundary consolidation options available to policy makers in future reform efforts.
2.1: The Modernisation Agreement and the Local Government Act 1993

Following decades of unsuccessful attempts, debate about the size and role of Tasmanian local government emerged once again after the election of a Labor-Green minority Government led by Michael Field in 1989.

The following year, the Local Government Advisory Board (LGAB, established in 1987 and comprising representatives of both local and state government) was tasked with conducting a broad and open-ended inquiry into the modernisation of local government. Specifically, the Board was to report on:

- measures, inclusive of territorial restructuring, appropriate and desirable to effect the modernisation of the present system of local government in Tasmania and to enable local authorities to achieve an enhanced capacity for efficient and effective discharge of municipal functions and services to the communities which they serve.

Although the Board’s terms of reference expressly requested analysis of opportunities for amalgamation, other aspects of the inquiry’s remit and approach set it apart from previous (and indeed subsequent) attempts at reform.

The first crucial difference was the comprehensive and considered nature of the reform process itself. After announcing the modernisation agenda in 1989, and then officially commencing the review early in 1990, the LGAB was given two years to conduct its inquiry, report on its findings, and make recommendations to the State Government. Ample time was allowed for the Board to commission research, engage with council stakeholders and communities, receive and respond to submissions, disseminate discussion papers, and conduct public hearings in all regions of the State.

Second, local government representatives were involved in the review process from its inception to its implementation. The sector’s close involvement, combined with the Board’s open and consultative approach, allowed for functional and legislative issues to be addressed as well, which helped to make proposed boundary changes more palatable to councils. The most impactful of these other changes was the Board’s recommendation that the highly prescriptive legislative approach that had governed councils since the Local Government Act 1906 be changed to a general competence framework. Whereas previously local governments had been able to act only in ways expressly provided for in the legislation, they would now be able to engage in more or less any activities not explicitly prohibited. This change allowed the larger and more powerful consolidated councils that emerged following amalgamations to tailor service provision to meet specific community needs. It also facilitated some innovation and experimentation among local governments that had formerly been risk averse.

All of Tasmania’s mayors and wardens were able to contribute to a special parliamentary session to confer on the draft Bill, which also helped to ensure that the eventual provisions enjoyed the support of councils through the Municipal Association of Tasmania (later to become the Local Government Association of Tasmania (LGAT)). At the time the process was described as having “created a very real sense of ownership, partnership, responsibility and leadership with a strong mutual commitment to change.”

By the time the new legislation was introduced to Parliament, the Field minority government had lost office. Despite the Labor party’s historic defeat at the 1992 state election – at which it recorded its lowest vote total in almost a century – the modernisation process continued with broad support under the Liberals and new Premier Ray Groom. The resulting Local Government Act 1993 reduced the number of councils from 46 to 29, with a view to achieving cost savings leading to expanded and improved service provision.

Moreover, the new general competence legislative framework helped to reduce the legal risks and costs local governments faced under the old act where there was a real chance that new services were unlawful under the 1906 legislation. Nevertheless, this very feature of the new legislation – and its implicit authorisation for councils to expand their offerings – presented potential risks as well. Some commentators have argued that local government responsibilities in Australia generally represent a “rag bag of functions that state or territory governments find too local”, and that “this diversity of functions does not amount to a critical mass” for financial sustainability. The lack of clarity provided to local governments within
a general competence framework potentially allows for inconsistency and divergence between different councils. The resulting structure, in which all councils perform a slightly different array of functions (for example, some Tasmanian councils operate airports and primary healthcare facilities) poses challenges for equitable funding and consistent regulation.

Crucially, the reforms achieved through the modernisation process recognised a series of political realities that prior failed reforms had not. For example, the LGAB determined early on that in order to improve their sustainability and efficiency, the bare minimum population size and annual income of the new councils needed to be 10,000 people and $6 million respectively. Many of the new entities under the 29-council structure that emerged in 1993 clearly did not achieve these thresholds. The Board also recognised, however, that “units should be small enough to preserve the local community element in which each citizen feels able to be politically effective or to have his or her views given proper consideration”. Understanding that the balance of these imperatives would be different for different communities, and that no reform would be achieved without the sector’s support, the outcome represented a necessary political compromise.

Finally, and in addition to the amalgamations and new general competence framework established by the Local Government Act 1993, the 1993 review initiated further functional changes embodied in companion legislation. Most notable among these parallel efforts was a major overhaul of the state’s planning and land use frameworks, which laid the groundwork for the Tasmanian Planning Scheme discussed in Part 3.4 below. The main changes included: The Land Use Planning and Approvals Act 1993, which solidified councils’ roles as the planning authority in their local areas and established the Resource Management and Planning System (RMPS); and the State Policies and Projects Act 1993, which addressed issues of sustainable land use and development as well as introducing special processes for major developments (“projects of state significance”).

Despite the changes achieved in the 1993 reforms, many Tasmanian councils remained below the thresholds that the LGAB had determined were required to ensure their financial sustainability, leading to the conclusion that further reform was required.
Constitutional recognition of local government in Australia

Although local government has a long history in Australia, it is not mentioned in the Australian Constitution. This is because the Constitution was primarily concerned with establishing a new Commonwealth Government and its relationship with the states. Over the years, there have been pushes to amend the Constitution to include the role of local government. These efforts have been in large part motivated by the Federal Government’s desire to fund local governments directly, rather than via state governments, as well as acknowledging the role played by local governments in Australian society.

While local governments receive most of their funding from their own sources, grants from the Commonwealth via state governments make up roughly 12% of their income (see Figure 5). This approach to funding local government was established by the Whitlam Government in the early 1970s with the quantum of funding set at 2% of personal income tax revenue by the Fraser Government before being reduced to 1% of total Commonwealth Tax Revenue (CTR) by the Hawke Government, and subsequently declining to .55% of CTR 2021.13 This indirect approach to federal funding of local government is due to concerns about the Constitutional validity of direct funding, with two High Court challenges calling in to question the Federal Government’s ability to do so.

There have been two national referenda on amending the Constitution to recognise local governments, in 1974 and in 1988. Both were unsuccessful, the first narrowly. The first referendum sought to include a reference in the Constitution to allow the Federal Government to make direct grants to local governments. The second aimed to provide general recognition of the role of local government, along with the states, in the Constitution.

A third referendum was planned for 2013, with the intention of officially recognising that local government is one of the components making up the modern Australian Federation and providing that the Commonwealth can provide direct funding to local government. Although the Bill to establish the referendum enjoyed bipartisan support, the referendum was abandoned when the 2013 election was called early.

In contrast to the federal level, every state constitution has been amended to recognise local government (during the 1970s and 1980s).14
2.2: ‘Directions for Tasmania’: The 1997 reforms

The local government reform agenda outlined in the Rundle Government’s 1997 Directions Statement was even more ambitious and far-reaching than the reforms achieved four years prior.

In addition to a raft of other economic and governance reforms, in April 1997 Premier Rundle committed to a program of compulsory amalgamations that would further reduce the number of councils from 29 to no more than 15. Despite the unilateral nature of the local government proposals in the Directions Statement, the sector was initially – if tentatively – cooperative and open to the prospect of further changes. At the time, LGAT CEO Stewart Wardlaw acknowledged that “councils recognise the need for change in the state and we are ready to accept further amalgamations but we are not enthusiastic about it […] we are prepared to go along with reform as long as it is a concerted effort and the pain is shared”.

Following Rundle’s announcement, a new inquiry was established and a reconstituted Local Government Board (LGB) appointed. Unlike the 1990 process, however, the inquiry’s terms of reference were narrow and prescriptive, focussed squarely on amalgamation, with the Board being given just six months to deliver its report and recommendations. Indeed, Premier Rundle expressly rejected the idea that research and broad consultation via a more comprehensive, 1993-style inquiry was necessary: I don’t know that we need more inquiries. What I think people want is for governments to make decisions and all I can say is that the Liberal Government will be able to take on board what we believe are the aspirations and the mood of the Tasmanian people and respond accordingly.

Roughly two months after the announcement of the Directions Statement and the commencement of the LGB inquiry, even more ambitious reforms were proposed in the Final Report of the Commonwealth-State Committee of Inquiry into the Tasmanian Economy, prepared by former Fraser Government minister Peter Nixon AO (‘The Nixon Report: Tasmania into the 21st Century’). Among a broader set of economic and political reform proposals, Nixon offered two potential models for local government amalgamation: one with a maximum of eight councils and another with just four.

Despite the cautious initial support from LGAT and a number of individual councils, concerted opposition quickly emerged in response to the Nixon Report, the State Government’s unilateral approach, and several specific elements of the LGB’s proposal. Much of this opposition was driven by the greater Hobart area councils (Hobart, Clarence, Glenorchy, Kingborough, and Brighton), who had flagged early on in the process that they would resist any move towards rate capping or a metropolitan ‘super-council’ model.

Many individual councils also quickly came to view LGB’s approach as insufficiently consultative and argued in submissions that given its short timeframe and prescriptive terms of reference, its recommendations were a foregone conclusion. Despite the sector’s opposition, the Government was committed to pursuing compulsory amalgamations as outlined in the LGB’s final report, which recommended reducing the 29 existing councils to 11 (comprising 9 mainland LGAs plus King and Flinders Islands).

The Government’s failure to implement its desired changes must be understood within the broader context of Rundle’s political and economic reform agenda. While local government reform was an important pillar of both platforms, the centrepiece of the Directions Statement and the Nixon Report was the proposal to radically overhaul Tasmanian governance by reducing the number of elected state representatives and establish a 40-member unicameral Parliament. Rather than address local government reform through a separate open-ended and deliberative process, the ostensible need for council amalgamations was treated as evidence of a broader argument that Tasmania was “over-governed”.

Linking local government reform to a proposal to restructure the Legislative Assembly and the abolition of the Legislative Council meant that resistance from MLCs was all but assured. The opposition of the Legislative Council, as well as the Review’s rushed timelines, forced the Rundle Government to try and achieve its proposed amalgamations via regulation rather than legislation: an approach that was rejected by the Tasmanian Supreme Court. Before the Government was able to appeal the Court’s decision, it lost the 1998 election and any remaining appetite for continuing the contentious reform process.

With further structural reform off the agenda, the newly elected Labor Government of Jim Bacon opted instead to establish a series of ‘State-Local Partnership Agreements’ both with individual councils and with larger regional groupings. In place of the unilateral reforms attempted
by the Rundle Government, these agreements were intended to function as pragmatic and negotiated platforms to address the particular employment, infrastructure, community services, and environmental issues of individual communities or regions. By the mid 2000s, all 29 councils had entered into partnership agreements with the State. However, many of the agreements with individual councils were wound back over the following years, and councils’ enthusiasm for the larger regional arrangements waned in the light of more specific developments which were to occur in the mid 2000s, notably water and sewerage reform.

Part Two: Key insights from Tasmania local government in the 1990s

• Comparing the reform attempts of the 1990s highlights that a unilateral or adversarial approach to local government reform is high-risk.

• The second clear lesson is that the Rundle government’s attempt to address local government reform as part of a broader governance overhaul ensured it would become a touchstone for broad-based opposition. Given the Legislative Council’s close ties to local government, and the fact that the Upper House itself was a target of the 1997 reform proposals, the failure of the package to secure broad-based and multi-party support is unsurprising.

• The 1993 approach explicitly aimed to achieve boundary reform, but all options were on the table. This meant that significant legislative and functional reform could be achieved and this helped to secure the support of the sector throughout the process.

• The 29-council model that emerged in 1993, as well as the functional and legislative changes that accompanied it, were not necessarily the Field Government’s preferred outcome (see section 2.1 above). Even so, recognising political constraints, the Modernisation Process was able to broker a compromise arrangement that achieved considerable structural change. The approach adopted in the 1997 reforms, however, was considerably less compromising and not only failed to achieve any of the desired changes, but also contributed to lasting animus between councils and state.

• Contested reforms reinforce adversarial role conceptions which exert a ‘knock-on’ influence over future behaviour. The history of local government reform has been highly path-dependent (in the sense that past structures and decisions enable or constrain future ones) but so too has its political history. Councils’ attitudes to reform are shaped by expectations or experiences from previous reforms.

In summary, the experience of the 1990s suggests the necessity of a reform process that is incremental and negotiated. Even if collaboration and co-design with councils themselves dilutes the scope or ambition of a reform proposal, achieving some change is presumably preferable to achieving no change.
The failed reforms of 1997/8 ended any remaining state government interest in compulsory amalgamation for the first two decades of the twenty-first century. Instead, successive governments have opted for a policy of encouraging and facilitating voluntary amalgamation processes and other efficiency enhancing measures initiated by local governments themselves. Several councils have explored voluntary amalgamation via this process, though no changes have yet been achieved. Despite the absence of major boundary reform, other significant functional changes did nevertheless lead to considerable change in councils’ operations, finances, and responsibilities.

3.1: Premier’s Local Government Council and financial reform

The first significant local government initiative of the new century was the establishment of the Premier’s Local Government Council (PLGC) in 2000. Originally, the PLGC was developed to oversee the development and implementation of partnership agreements, though as these gradually petered out it adopted a more general coordination and facilitation role.

The council, which typically meets two or three times a year, comprises the Premier, the Minister for Local Government, the president of LCAT, and seven elected members of councils from around the state. The PLGC functions as a platform for fostering high-level strategic collaboration between councils and the State Government on issues of shared responsibility or statewide importance. A key early outcome of the PLGC was an agreement to reform the financial relationships of councils with the State, which was achieved via the State and Local Government Financial Reform Act 2003. This new framework required councils to begin paying payroll tax, land tax (excepting publicly accessible recreation areas like parks or reserves) and duties on the transfer of real property. In return, the State Government would pay council rates on its properties and those of state-owned companies or GBEs, excepting land owned or managed by the then Forestry Corporation (now Sustainable Timber Tasmania). While these initiatives were generally well-received by the sector, this renewed interest in collaboration and cooperation was soon tested by unilateral changes to the management of council water and sewerage assets.
3.2: Water and sewerage reforms

Since the early days of local government in Tasmania, one of councils’ core responsibilities (and an important revenue sources) has been ownership and management of water and sewerage infrastructure in their local areas.

By the mid-2000s, however, it was becoming clear that the investment required to maintain and operate water and sewerage systems in many regional areas was beyond the financial capacity of many smaller councils. Local councils also applied an array of varied pricing methodologies as well as different approaches for headworks and trade waste, creating challenges for environmental compliance and investment.

Importantly, the issues identified were hardly new problems – urgent water and sewerage infrastructure maintenance had been identified as a priority as far back as the 1993 modernisation process. With some communities still on practically permanent ‘boil water’ alerts more than a decade on, and amidst widespread failure of treatment facilities to comply with more rigorous environmental standards, the State Government moved to consolidate delivery of water and sewerage services into three regional entities and a shared service entity (Southern Water, Ben Lomond Water, Cradle Mountain Water, and Onstream).

As part of the review process that led to this change, the state identified almost $1 billion worth of maintenance and capital upgrades that would be required to modernise Tasmania’s water and sewerage assets.

The challenges of local government provision of water and sewerage services in Tasmania are consistent with broader academic arguments about the value of centralising capital-intensive infrastructure with very high operating costs given the limited financial capacity of local government. Indeed, research by Marques et al. investigated exactly this issue in Tasmania. Their detailed analysis found that even though water and sewerage was actually delivered more efficiently than many other council services, its very high cost share made even the small efficiency gains available via centralisation a worthwhile policy objective.

In any case, and while conceding that there were considerable challenges, many councils criticised the state’s coercive, unilateral approach as antithetical to the collaborative partnership agreements with which they had engaged for the better part of a decade. The sector’s concerns had three dimensions:

1. **Process and consultation.** Many individual councils viewed the Government’s approach – which amounted to publicly announcing a preferred solution and then providing only a relatively narrow window for engagement or input from councils themselves – as a return to the unilateralism of the failed 1997 amalgamation attempts.

2. **Financial implications.** The second area of concern was financial. Despite the parlous state of the system at large, a number of individual councils had already made significant investments in and drew considerable income from water and sewerage assets. These communities argued that not only would they potentially lose an important asset and source of revenue, but that inevitable cross-subsidisation of poorly-maintained assets in other LGAs would lead to increased costs to their own ratepayers.

3. **Privatisation of assets.** Many councils were concerned that consolidating 29 formerly separate systems would make the new state-wide entity an easy target for future privatisation. In light of these concerns, councils voted overwhelmingly against any change at the 2007 LGAT AGM.

Despite almost unanimous opposition from councils, the planned consolidation was achieved in 2008 via the Water and Sewerage Industry Act 2008, with the new corporations to commence operations in 2009. Within two years of transitioning to the new arrangements, however, discussions about the formation of a single state-wide entity to manage water and sewerage services re-emerged and in 2012 (this time with agreement from councils), the three regional entities were merged to form TasWater.

Within three years of TasWater taking the reins from the regional providers, further changes were flagged by the State Government as progress on infrastructure upgrades and maintenance stalled. In particular, a report from the Office of the Tasmanian Economic Regulator cited in a speech to Parliament by then-treasurer Peter Gutwein found that, among other issues:

20 HISTORY OF LOCAL GOVERNMENT IN TASMANIA - MARCH 2022
26 towns were still operating under restrictions on the safe use of their drinking water

- only 72% of Tasmania’s drinking water supply systems had achieved bacteriological compliance;

- infrastructure was not adequately coping with demand, with raw sewage leaks into the environment occurring at seven times the national average.

In light of TasWater’s challenges, and unable to reach a compromise with local governments, the State Government introduced additional legislation in 2017 to assume control of its assets, rights, liabilities and employees. Under the plan, TasWater would be reconstituted as a GBE with councils guaranteed a return at their 2016 level until 2024-5. After that point, they would receive 50% of TasWater’s annual returns in perpetuity, divided according to their former ownership shares.

Amidst united opposition from councils, the proposal emerged as a key issue in a by-election for the upper house seat of Pembroke, on Hobart’s eastern shore. After the Liberal Party lost the by-election to the ALP and following the release of a Legislative Council select committee report critical of the proposal, the TasWater takeover legislation failed to pass the Legislative Council. In its place, the State Government reached an agreement to contribute $200 million to TasWater over ten years, in exchange for a 10% ownership stake (though it would not receive any distributions) and input into some governance and operational decisions.

Throughout the long and bruising contest over water and sewerage services, two other notable local government reform initiatives remained on the agenda. These were the state’s facilitation of council-initiated voluntary amalgamations and the development of a single state-wide planning scheme.
PART THREE: EVOLUTION AND ADAPTATION OF LOCAL GOVERNMENT IN THE TWENTY-FIRST CENTURY

2009
Water and sewerage responsibilities divided among three regional authorities/providers

2011
‘Munro’ report to STCA on options for local government reform in south-east Tasmania

2011
Deloitte Access Economics report commissioned by the Property Council assessing options for either a Greater Hobart or Southern Tasmanian council

2011
State Government announces intention to introduce a Statewide Planning Scheme

2012
Local Government Board releases report on a review of councillor numbers

2013
Attempted third national referendum on constitutional recognition of local government (approved by the Australian Parliament but abandoned for legal reasons due to federal election being brought forward)

2015
Land Use Planning and Approvals Amendment (Tasmanian Planning Scheme) Act 2015 passed

2015
Engagement between state and local government representatives outlining opportunities for shared services reform and voluntary amalgamations

2018
State Government assumes responsibility for Taswater from councils

2019
Residents of Tasman vote against proposed voluntary amalgamation with Sorell

2019
Passage of the Greater Hobart Act 2019

2019
Review of Local Government Act (ongoing)

2019
PESRAC final report handed down, recommends significant reform of local government sector

2021
The Future of Local Government Review announced

Key:  
- Unsuccessful reviews and inquiries
- Significant events impacting local government in Tasmania

Figure 4: Timeline of key historical developments in the twenty-first century
3.3: Voluntary amalgamation

With compulsory mergers off the political agenda since 1998, the primary remaining strategy for promoting structural reforms in the 2000s was voluntary amalgamation.

With compulsory mergers off the political agenda since 1998, the primary remaining strategy for promoting structural reforms in the 2000s was voluntary amalgamation. State Government support for voluntary amalgamations had existed under (and in some cases prior to) the partnership approach of the late-1990s and early-2000s. Burnie and Waratah-Wynyard, for example, explored the possibility of a voluntary merger in 2002. Indeed, independent financial analysis identified considerable savings, and the two councils received Commonwealth funding to develop options for potential amalgamation or resource sharing. Residents of Burnie supported amalgamation, but Waratah-Wynyard residents did not, and therefore elected not to proceed.26

Glamorgan-Spring Bay and Break O’Day considered voluntary amalgamation in 2009. Once again, modelling and analysis identified potential efficiencies and economies of scale. Nevertheless, concerns about staffing reductions and scepticism about identified potential savings, as well as a lukewarm reception from local businesses and ratepayers led to the LGB deciding that any amalgamation should not be progressed.27

This pattern (identifying opportunities, commissioning modelling, highlighting benefits, and deciding not to proceed) would become a familiar one in subsequent attempts, leading some voices within and beyond the sector to call for more forceful approaches.28 Perhaps the closest any two councils have come to a voluntary amalgamation under this model was the Sorell and Tasman councils. These two LGAs began considering voluntary amalgamation in 2016 following the publication of the South East Feasibility Study.29 This document, and subsequent analysis, identified cost savings and efficiencies, and the councils approached the State Government to begin the voluntary amalgamation process. A review by the LGB identified a range of financial and strategic benefits and voiced its support for the amalgamation to proceed. A survey was put to residents in 2017 – Sorell voted in favour with 84% supporting a merger,30 and almost 75% of Tasman respondents voted in favour, although the response rate was only about 13% of ratepayers.31

In contrast to the above survey, a formal elector poll, in which more than three-quarters of ratepayers participated, following council elections received a resounding ‘no’ vote (just under 70% opposed), leading to the abandonment of the process.32 Brian Wightman, of Property Council of Tasmania, suggested that in general residents are in favour of amalgamating other councils but not their own: ‘Merge the others, but don’t merge mine’. He also argued that people value local representation very highly, and in particular the idea of councils as accessible fora where they can go and speak directly to somebody about a particular issue.33 While Tasmanian polling on council amalgamations is relatively scarce, anecdotal evidence from past voluntary amalgamation efforts supports this conclusion: when interviewed about the failed Tasman/Sorell merger, residents indicated they were concerned about losing their local voice. For example, one ratepayer referred to her experience of the Dunalley bushfire; she had been impressed with the Tasman Council response and was unsure whether the response would have been the same from an amalgamated council.34

It is worth noting that in the case of both the proposed Burnie/Waratah-Wynyard and Sorell/Tasman mergers, it was the smaller jurisdictions who were least in favour, perhaps indicating a fear of being subsumed by a larger entity and losing their sense of community identity. The tendency of Tasmanian communities to value local representation above technical efficiencies or economies of scale in decisions about council amalgamation is consistent with broader national trends in public opinion regarding local government.35

With compulsory mergers off the political agenda since 1998, the primary remaining strategy for promoting structural reforms in the 2000s was voluntary amalgamation.
3.4: Shared services and the Tasmanian Planning Scheme

Although the voluntary amalgamation process has failed to achieve any actual boundary changes, its broader objective of increasing efficiency, harmonising offerings, and rationalising policy and regulatory frameworks was nevertheless advanced in other ways.

Perhaps the two most prominent examples of this ongoing push to improve efficiency and achieve economies of scale – besides the water and sewerage reforms discussed above – are the development of the Tasmanian Planning Scheme (TPS) and the expansion of shared services arrangements.

As far back as the 1990s modernisation process, the State Government has attempted to simplify Tasmania’s patchwork system of planning provisions and policies into a single scheme to promote investment and expedite development. At the time of the establishment of the Land Use Planning Review Panel in 1993, Tasmania had some 100 different planning schemes. The Panel reduced this number to 38 by 2009 and then 35 by 2011. By the time the Land Use Planning and Approvals Act 1993 was amended in 2014, the number had been further cut to 30.

The following year, this legislation was amended again with the aim of consolidating the remaining 30 planning schemes into a single state-wide framework (the TPS). The new approach would have two elements: the State Planning Provisions (SPP), which would apply across all LGAs, and Local Provisions Schedules (LPS), which would outline specific planning provisions that would apply to particular local areas. Where the former schemes had roughly 15% in common across the State, the new TPS was to comprise around 80% standard state-wide provisions. While local government retained its role as the planning authority responsible for assessing applications, the creation of SPPs to promote efficiency and consistency did limit the discretion local government could exercise over the planning process.

The other major vehicle for enhancing the efficiency and sustainability of councils’ activities during this period was the negotiation of shared services arrangements. In many cases, these arose from voluntary amalgamation attempts. Having commissioned feasibility studies or modelling identifying economies of scale as part of the voluntary amalgamation process, many councils opted instead for sharing services as an alternative to boundary reform. While many of these arrangements are ad hoc and have not been especially durable, some councillors have found them beneficial. A common services joint venture between seven councils (Brighton, Sorell, Tasman, Southern Midlands, Glenorchy City, Huon Valley and Central Highlands) was formed to reduce costs and create consistency - and in the first month of operation in 2015 saved councils $70,000. Brighton Council alone claimed to have saved more than $660,000 in the 2013-14 financial year because of its use of shared services.

Perhaps the most enduring and comprehensive shared services arrangement is that between Kentish and Latrobe Councils, first begun in 1992. A review of the arrangements found that “[b]oth councils have seen improved levels of service quality, economies of scope and scale and increased organisational development and strategic capacity.”

Such arrangements are in use for a wide range of local government services and functions in areas including human resources (including General Managers), IT, finance, waste management, engineering and surveying, asset management, and regulation/compliance with environmental or health standards, among others.
3.5: Reducing councillor numbers

Another initiative designed to improve the efficiency of local government in Tasmania (although with possible implications for governance) has been to reduce the numbers of councillors in some LGAs.

A 2012 review of councillor numbers in Kingborough and Glenorchy was referred to the Local Government Board by the Minister. In addition, five other councils agreed to participate in the review. The review considered the population per councillor compared with similar councils nationally and across Tasmania, as well as other factors including the views of the council itself. In its report, the LCB recommended numbers in six specific Tasmanian councils be reduced and numbers to remain the same in one council – Break O’Day. These recommendations were carried out with the following changes taking place:

- Reduction of councillors of Central Coast be reduced by three, from 12 to nine
- Reduction of councillors of Devonport City be reduced by three, from 12 to nine
- Reduction of councillors of Glamorgan-Spring Bay be reduced by one, from nine to eight
- Reduction of councillors of Glenorchy City be reduced by two, from 12 to 10
- Reduction of councillors of Kingborough be reduced by two, from 12 to 10
- Reduction of councillors of Tasman be reduced by two, from nine to seven.

Further reductions of councillor numbers occurred within a couple of years, with the following changes:

- Waratah-Wynyard reduced from 10 to 8
- Southern Midlands reduced from nine to seven
- Derwent Valley reduced from nine to eight.
Part Three: Key insights from Tasmanian local government in the 2000s

• While compulsory boundary reforms have been off the agenda since 1998, some major functional changes have nevertheless been achieved.

• The most significant of these have been the financial reforms of 2003, the consolidation of council water and sewerage assets, and the development of the Tasmanian Planning Scheme. However, changes to planning and water in sewerage in particular have been challenging and contested, attracting criticism from the local government sector while planning reforms are ongoing.

• As in almost all other areas of governance and administration, the COVID-19 pandemic has both hastened existing trends and catalysed the emergence of new ones.

• The experience of attempted voluntary amalgamations offers valuable insight into the effectiveness of political arguments about efficiency or financial sustainability versus ones about local voice, identity, and representation. Financial dividends have not been sufficient to achieve even one voluntary amalgamation in almost two decades suggesting that residents value local representation and decision making highly. Community resistance to change is likely rooted in values-based conceptions of place and local identity.

• State governments have increasingly played an active role in council governance, particularly following the introduction of a new Local Government Model Code of Conduct in 2016. Where serious breaches of council good governance are identified, investigations have been undertaken by the Director of Local Government, the Tasmanian Integrity Commission, or an appointed Board of Inquiry. Recently, this has included the Minister for Local Government establishing Boards of Inquiry to investigate each of Huon Valley Council and Glenorchy City Council (which resulted in the dismissal of the entire councils in 2016 and 2017, respectively). (A more detailed exploration of general council governance is beyond the scope of this paper.)
4.1: Contemporary local government in Tasmania

Local government continues to make an important and evolving contribution to the Tasmanian community, fulfilling a range of statutory and non-statutory functions.

As noted in Part 2.1, current legislation allows for a great deal of flexibility in terms of local government’s role and functions.

The Local Government Act 1993 sets out the functions and powers of local councils. It states that councils have the following functions:

a. to provide for the health, safety and welfare of the community
b. to represent and promote the interests of the community
c. to provide for the peace, order and good government of the municipal area (s.20(1)).

And that:

A council may do anything necessary or convenient to perform its functions either within or outside its municipal area. (s20(3)).

As of 2019-20 the Tasmanian local government sector:

- Is governed by 263 elected councillors
- Receives just under $600 million annually in own-source revenue
- Directly employs approximately 4000 people
- Manages nearly $11 billion worth of assets

While this background paper has highlighted the changing role of local government in Tasmania, some roles have endured. For example, as of 2019-20, roads remain the greatest spending category for local government in Tasmania ($180 million or 25% of total expenditure) although emerging functions such as ‘recreation and cultural services’ are becoming more important ($143 million of 19.6%) (see Figure 4 below).

Figure 5: Average Tasmanian council expenditure (category as share of total expenses)
For a range of historic and geographical reasons, Tasmanian councils also vary significantly in size and in the roles they play and the services they provide in their communities. For example, the City of Launceston has a population of roughly 68,000 and total own-source revenues of over $71 million whereas the Flinders Council serves a population of 1,000 and has own-source revenue of roughly $2.8 million.

Smaller rural councils in particular rely on tied and untied grants to supplement their own-source revenue. The variety of funding sources used by Tasmanian councils is presented below in Figure 6. The extent to which different Tasmanian councils rely on non-rate revenue is presented in Figure 8.

Table 1: Key activity areas of Tasmanian councils

<table>
<thead>
<tr>
<th>Review themes</th>
<th>General functions (all or most councils)</th>
<th>Atypical functions (small number of councils)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community wellbeing</td>
<td>Public health and active living programs; cultural activities; funding of community organisations; development and maintenance of civic spaces (halls, community centres, galleries, etc).</td>
<td>Some councils (ie., Huon Valley, and West Tamar) operate primary care facilities, including GP clinics.</td>
</tr>
<tr>
<td>Economic and community development</td>
<td>Tourist information services, advocacy or advertising, business development or support grants.</td>
<td>Development, maintenance, and operation of valuable tourism assets, such as the Blue Derby Trail Network (Dorset and Break O’Day Councils).</td>
</tr>
<tr>
<td>Environment</td>
<td>Waste management, natural resource management, pets/animal control and registration, bushland and coastal reserves.</td>
<td>Some councils have more engaged roles in emergency management than others, including through maintenance of fire trails etc.</td>
</tr>
<tr>
<td>Finance and administration</td>
<td>Rates and charges, human resources, and long term financial planning.</td>
<td>Some councils, such as Kentish and Latrobe, operate extensive shared services arrangements</td>
</tr>
<tr>
<td>Governance, accountability, and representation</td>
<td>Elected councillors and support staff, community engagement, ‘place shaping’ and community development initiatives, advocacy to other tiers of government.</td>
<td>–</td>
</tr>
<tr>
<td>Infrastructure and asset management</td>
<td>Maintenance of roads, halls, parks and reserves, stormwater infrastructure, council premises, etc.</td>
<td>Some councils, including King Island and Flinders Island, own and operate other infrastructure, including airports. As noted above, others also manage vital tourism infrastructure.</td>
</tr>
<tr>
<td>Land use planning and other regulatory services</td>
<td>Building and development approvals, heritage and public health standards</td>
<td>–</td>
</tr>
</tbody>
</table>
Figure 6: Total council revenue shares by source (%), 2019-20

- Waste management (15%)
- Roads (25.2%)
- Recreation and culture (19.6%)
- Planning and community amenities (9.5%)
- Other non-roads (6.6%)
- Law, order and public safety (1.5%)
- Health, housing and welfare (3.7%)
- General administration (19.2%)

Figure 7: Council rates as share of own-source revenues (%)

HISTORY OF LOCAL GOVERNMENT IN TASMANIA - MARCH 2022
Finally, local government revenue in Tasmania has increased by 15% (or $78 million) over the past five years, although this is less than the increase in revenue to the Tasmanian Government over the same period (20.7%). The increase in the operating deficit for the local government sector as a whole in 2020 can be attributed to COVID-related impacts.

Figure 8: Grant as % of own-source revenue

Figure 9: Expenditure and revenue of Tasmanian councils, 2014-2020

4.2: The future of local government in Tasmania

This report has described how local government in Tasmania has evolved over time in response to the changing needs of the Tasmanian community. While substantive reform has been elusive, and many of the challenges and issues facing the sector have persisted over time, it is also apparent that local government has the potential to make new and significant contributions to the Tasmanian community and economy in the coming years.

For example, drawing on a growing body of evidence and emerging practice, the Premier’s Economic and Social Recovery Advisory Council (PESRAC) highlighted the significant potential of place-based approaches to social and economic recovery from the COVID-19 pandemic and the important role of local government as a partner in this process. Another increasingly important function of local government is its ability to support grassroots democratic engagement through local representation and community-level decision making at a time when political participation and trust in public institutions is in serious decline. In the 2019 LGAT Communication Satisfaction Survey, 1,200 residents across Tasmania were surveyed about their satisfaction with their local councils. Satisfaction with councils’ overall performance was at an average of 6.81 (‘good’), down from 7.40 in 2001. It is also worth noting that local government is increasingly becoming a political ‘training ground’ for future federal and state politicians. Working in local government can provide the experience and exposure for those wanting to become career politicians in the other tiers of government but will have implications for representation and the priorities and allegiances of ambitious councillors.

While more detailed analysis of the changing roles and contributions of local government will be provided in the University of Tasmania’s second background paper for the Future of Local Government Review, this analysis concludes with a brief summary of current and emerging trends in local government in Tasmania.

COVID-19 AND ITS IMPLICATIONS FOR THE FUTURE OF LOCAL GOVERNMENT IN TASMANIA

The immediate impact of, and gradual adaptation to, the COVID-19 pandemic has been an important driver of social and economic change with profound implications for all levels of government, including local government.

The pandemic has posed financial challenges for local government (Figure 7) while also accelerating a broader re-evaluation of local government’s role in the provision of social and community services and as a ‘place shaper’.

Both in Tasmania and across the country, the early stages of the pandemic saw local governments provide financial support for businesses or vulnerable individuals and community groups, including through rate freezes or business rent reductions. Some councils on the mainland also assisted in coordinating the distribution of personal protective equipment to frontline services and disseminating information within culturally and linguistically diverse communities. As the country emerged from lockdowns or movement restrictions, local government was central to the ‘reactivation’ of public spaces, managing the return of pedestrian traffic amidst ongoing social distancing requirements, and promoting community events or tourism, particularly in regional areas.

This shift in councils’ roles and functions is nevertheless broadly consistent with pre-COVID developments and the longer-run historical evolution of local government. Specifically, the changing role of local government in the context of COVID-19 reflects the continuation of four broad trends which have been shaping local government in Tasmania and around the country.

1. Centralisation

The most prominent trend from the recent history of local government is a general, if often messy and contested, tendency towards centralisation. Throughout the history of Tasmanian local government, the typical direction of changes in competencies or responsibilities between local and state government has been towards the state. From early history (for example the repeated attempts to centralise policing, finally achieved in 1898) to recent events (including the consolidation of water and sewerage assets or the ongoing implementation of a single state-wide planning scheme), functional reforms have been driven by state governments and have mostly resulted either in removal of, or greater state government control over, council functions.

In instances where change has been in the other direction, it has typically involved the transfer of assets or regulatory responsibilities that the State Government no longer wishes to manage, which is in itself evidence...
PART FOUR: THE STATE OF PLAY

of centralisation (or at least of a considerable power imbalance in favour of the state). This can happen either by the transfer of assets or regulatory responsibilities to local governments without attendant funding transfers or by withdrawing funding for a service local areas value highly, in which case councils become ‘providers of last resort’.48 However, and crucially, this is not to say that local governments do not exercise considerable political power in their own right. Although local governments lack constitutional recognition (see text box on page 16), and are fundamentally ‘creatures of state legislation’, state governments that attempt sweeping reforms without input from and support of the local government sector have historically experienced political consequences.

2. New services and expanding functions

The remit of local government has gradually shifted from a narrow range of ‘services to property’ towards more expansive ‘services to people’, including a growing footprint in economic and community development, recreation and cultural services, and emergent place-shaping initiatives. Indeed, the contemporary literature on place-based governance (which will be analysed in more detail in Research Papers 2 and 3) highlights how greater local government involvement in the design and delivery of social and economic development policies and programs has the potential to improve community-level outcomes.

While local governments still perform a core suite of relatively transactional services to property (rubbish collection, stormwater, planning and development approvals, roads, etc), in more recent times,49 they have expanded into a broader range of social and community services including mental and physical healthcare, aged care, employment services (often in partnership with other tiers of government, such as in the case of ‘Jobs Hubs’ in various locations around Tasmania), and less tangible place-shaping or identity-focussed initiatives (such as the City of Glenorchy’s recent Beyond the Curtain community identity project) – see Table 1 above for an overview. It is important to note that while this trend and the broader centralisation tendency outlined above are occasionally in tension with one another, they are neither mutually exclusive nor incompatible. Many of the areas in which local government’s role has expanded are either delivered in partnership with other tiers of government or are genuinely novel offerings not provided at any other level. A comprehensive assessment of new and emerging roles and functions which are best provided by local government (potentially in collaboration with other levels of government) will be the focus of Research Papers 2 and 3.

3. Collaboration and intergovernmental partnerships

There has been a general trend in Australia and beyond for local governments to partner with one another at a regional scale and to form strategic collaborations with other tiers of government to combine the strengths of local government with the financial and other resources of state and commonwealth governments and other non-government partners. In recent years, councils have enjoyed greater engagement with the Commonwealth via regional policy vehicles like City Deals or initiatives arising via Regional Development Australia committees. Examples of inter-council collaboration include vehicles like the Cradle Coast Authority (CCA), Northern Tasmania Development Corporation (NTDC), and Southern Tasmanian Councils Authority (STCA). While the Commonwealth is unable to fund local government directly via untied grants (see text box on page 16), partnership arrangements involving all three tiers of government are becoming an increasingly common platform for addressing region-specific infrastructure, employment, or economic development issues among other policy areas.

4. Climate change, conservation and environmental stewardship

Local government has a growing role (though often in partnership) in land use management and climate change mitigation, adaptation, and resilience. Councils have long played a key role in the management and conservation of parks and reserves in addition to protecting features of the local natural environment via their regulatory and planning functions. However, this local environmental stewardship function increasingly impacts a wide range of different areas of council activity. First, recent years have seen councils take on a more engaged role in crisis and emergency management, as well as maintenance of critical infrastructure like fire trails. Second, in their role as planning authorities, councils will necessarily become increasingly tasked with ensuring that development, critical infrastructure including stormwater assets, long-term urban planning, and the existing built environment, will be resilient and adaptable to mounting risks associated with global climate change. Finally, and understandably given these first two roles, local governments (particularly the larger metropolitan councils) are emerging as vocal advocates for climate policy issues at the state and federal levels.

2. Some scholars, including Rootes (G. Rootes (2009a). ‘Striking at the very Foundation of Local Government?: Municipal Amalgamation in Rural Tasmania, 1906-1940, *Papers and Proceedings of the Tasmanian Historical Research Association*, 56:1, p. 21-36) and Ruzicka (E. Ruzicka (2016). A Political History of Tasmanian Local Government: Seeking Explanations for Decline. PhD thesis, University of Tasmania. Available at [https://eprints.utas.edu.au/23459/1/Ruzika_whole_thesis.pdf](https://eprints.utas.edu.au/23459/1/Ruzika_whole_thesis.pdf), refer to the years prior to 1906 as the “permissive period” in Australian local government. While this is a technically appropriate term given Tasmania’s lack of a full and consistent legislative basis for local government, the reason that full municipalisation took so long to achieve in Tasmania (despite several attempts) likely has more to do with incapacity and political resistance than with ‘permission’ per se.


4. The specific responsibilities delegated to local governments largely codified what they were already doing. These functions included: “maintenance of main roads, local roads, streets and footpaths; pest control; water supply; sewerage; lighting; rubbish removal; health; recreation grounds and cemeteries.” They were also given powers to establish by-laws governing “animals, buildings and shelters, fires, markets, public safety and decency, and tree-planting.” (Rootes, G. (2009b). “Overstrained and Creaking at Every Joint”: Local Government in Rural Tasmania, 1945-1969*, *Papers and Proceedings of the Tasmanian Historical Research Association*, 56:2 (p. 154-169))


17. Specific incidents of unfortunate stakeholder management also played a role in alienating councils, and one such episode in particular stands out as a turning point. In January 1998, the LGB placed an ad in the Mercury criticising the perceived intransigence of the Greater Hobart councils without the permission of LGAT’s representation on the Board (Julian Green), who resigned in protest.

20. The State Government’s preference, at the time of the announcement in 2007, was for a single state-wide entity. While this would eventually happen (in the form of TasWater), resistance from the local government sector led to the compromise model of three regional entities in 2008. Also, bespoke arrangements apply in some areas, notably the combined sewerage/stormwater system in Launceston. For more information see Tasmanian Government Department of Treasury and Finance (2022). ‘Water and Severage’, available at https://www.treasury.tas.gov.au/water-and-severage.


22. This final concern regarding potential future privatisation of the state’s water and sewerage assets was also rooted in fears of a return to the approach taken in 1997, and to the recommendations around privatisation in the Nixon Report in particular.


24. The three regional entities above plus Onstream, a jointly owned shared services corporation.


32. The failure of the Tasman-Sorell amalgamation episode in particular was viewed by some as symbolic of the unlikelihood that major boundary adjustments could be achieved through a voluntary process. The chair of the Tasmanian Chamber of Commerce and Industry, for example, remarked of this particular episode that “if it doesn’t happen with Tasman and Sorell, I can’t see it happening anywhere”: Compton (2018), op cit.


36. For a quantitative overview of the relative efficiencies on offer in this and other areas of functional consolidation see Marques, Kortt, Dollery (2015), op cit.


45. M. Lyons describes the strategic role of local government, one we might term “place-shaping”, as encompassing:
   • Building and shaping local identity;
   • Representing the community, including in discussions and debates with organisations and parts of government at local, regional and national level;
   • Regulating harmful and disruptive behaviours;
   • Maintaining the cohesiveness of the community and supporting debate within the community, ensuring smaller voices are heard;
   • Helping to resolve disagreements, such as over how to prioritise resources between services and areas, or where new housing and development should be located;
   • Working to make the local economy more successful, to support the creation of new businesses and jobs in the area, including through making the area attractive to new investment and skilled workers, and helping to manage economic change;
   • Understanding local needs and preferences and making sure that the right services are provided to local people through a variety of arrangements including collective purchasing, commissioning from suppliers in the public, private and voluntary sectors, contracts or partnerships, and direct delivery; and
   • Working with other bodies to respond to complex challenges such as dealing with natural disasters and other emergencies.


49. This area of council activity has become more prominent during the last 10-20 years, but council ‘place shaping’ and community development arguably dates to the considerable mid-twentieth century expansion in municipal provision of explicitly local or place-based civic infrastructure including war memorials, community halls, libraries, swimming pools, etc.
REFERENCES


REFERENCES


