



## CIRCULAR HEAD COUNCIL

19 April 2024

Mr Luke Gosling OAM MP

Chair,

House of Representatives Standing Committee on Regional Development, Infrastructure and Transport

By email: [www.aph.gov.au/Committee/Submissions](http://www.aph.gov.au/Committee/Submissions)

Dear Mr Gosling

### **SUBMISSION BY CIRCULAR HEAD COUNCIL, TASMANIA RE: INQUIRY INTO LOCAL GOVERNMENT SUSTAINABILITY**

Thank you for the opportunity to contribute to the Inquiry into local government sustainability being run by the House of Representatives Standing Committee on Regional Development, Infrastructure and Transport.

#### **The Changing Role of Local Governments**

Councils play a vital role in the social, economic and environmental well-being of their communities and are well placed to advise other levels of government about local need yet, too often we are the end recipient of policy initiatives from other levels of government which are not joined up and do not meet the specific needs of local communities.

The role of local government has historically been a primary focus on infrastructure and services to property. Increasingly local governments are being asked to stretch to encompass services to people – that is, we are seeing an increased emphasis on supporting wellbeing, resilience, connectedness, identity and culture at a local level. While we believe this is a valuable role and that local government is well placed to facilitate this work, these expectations are never accompanied by sustained funding. Grant funding is always welcome but generally expires just as initiatives are beginning to gain community traction, leaving a limited pool of rate payers to shoulder the burden of ongoing funding if the initiative is to continue.

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### **Specialist Skills in the Workforce**

Other challenges specific to rural and regional areas include attracting and retaining skilled specialist staff to enable us to meet planning and regulatory responsibilities. This often leads to gaps in coverage or sharing resources between councils which sometimes results in limited coverage and an inability to respond quickly, for example to animal control matters. Factors include inability to offer competitive salaries and cost of housing.

### **Financial Sustainability**

Circular Head Council believes there is a need to modernise local government funding mechanisms. Achieving sustainable funding is a key concern in our community with its small rate base, major industry and a large road network to maintain.

We support recent work by the LG Review Board in Tasmania that recommends that the State government considers 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 efficient, effective, or equitable form of taxation.

Circular Head Council urged that further consideration be given to a proportion of direct revenue from royalties and fees being returned to councils and that the exemptions from rates for renewable energy be removed.

The ability to rate renewable energy production on private land and to receive a fair share of royalties on public land:

- Enables councils to generate income that would support sustainable improvement of the diverse services that councils deliver which are not road-related
- Reduces the need for rate increases, easing community burden

Council acknowledges that it already has the ability under the Tasmanian Local Government Act to rate different classes of property. The complexity lies in the development value of properties which may be significant, but rates end up relatively low because the Tasmanian Valuer-General does not rate certain components (of which wind farms are a good example).

The Local Government Review Board also recommended that State considers introducing cost-based developer contributions.



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The use of developer contributions to help manage the demand for public infrastructure and services is well documented in other States across Australia and in theory we welcomed this concept.

However Council notes that paradoxically a developer contribution scheme can act to impede or delay new housing supply if not clearly and consistently implemented so that the risk of unanticipated costs for developers (and therefore impact on margins) is minimised. If developer contributions were to be instituted in Tasmania, improved policy coordination and optimising risk/cost sharing arrangements between councils and developers may be required to help increase new housing supply.

### **Infrastructure Provision**

Major asset management (construction and renewal of roads, bridges, and stormwater drainage) is a continual juggling act for small rural and regional councils. Despite strategic asset management plans being in place, it is not unusual to have to defer planned maintenance to fund a more immediately urgent priority.

Grant funding is relied on by small councils with a limited rate base and large road network to support infrastructure provision and renewal.

Larger projects are generally contracted out, leaving small councils vulnerable to rising prices and contractor shortages. We struggle to compete with the private sector in attracting contractors and in the NW of Tasmania we have also noticed an increasing trend of losing staff to major construction and mining projects. Allied to the increasing cost of materials and working with a lower rate base yet still having the same or greater infrastructure maintenance and renewal responsibilities as urban council this can result in delays and sometimes the carry-over of projects between years, creating a backlog of work.

While we are planning ahead, as a small council we are also concerned about the future potential impact of climate change on our infrastructure.

Yours sincerely



Vanessa Adams  
**GENERAL MANAGER**