

RDA TASMANIA SUBMISSION: INQUIRY INTO LOCAL GOVERNMENT SUSTAINABILITY

30 May 2024



Introduction

Regional Development Australia Tasmania (RDA Tasmania) welcomes the opportunity to provide this submission for the Inquiry into Local Government Sustainability.

The Regional Development Australia program is an Australian Government initiative established to encourage partnership between all levels of government to enhance the growth and development of Australia's regional communities. RDA committees operate under a national RDA Charter and report to the Australian Government on key outcomes. A national network of 50 RDA committees cover the nation and RDA Tasmania represents the entire state of Tasmania.

This submission will focus on the following parts of the Terms of Reference where we have insight and a local perspective that may be of value:

- The changing infrastructure and service delivery obligations of local government
- The role of the Australian Government in addressing issues raised in relation to the above

Differences between urban and rural councils

RDA Tasmania works with all 29 local councils in Tasmania, in addition to the regional council bodies, Local Government Association of Tasmania (LGAT) and the Tasmanian Government. This submission will focus on the differences between urban and rural councils that create challenges for long term sustainability:

- **Population Density:** Urban councils typically serve densely populated areas, while rural or regional councils cater to dispersed populations. This affects the capacity to provide a common level of service provision, infrastructure development, and resource allocation.
- **Infrastructure and Service Provision:** Urban councils deal with central business districts, public transport systems, waste collection, high density living areas and public amenities and events. Rural councils have similar demands from residents and visitors, but most also spend their smaller income on maintaining large networks of roads and bridges and providing essential local services such as health and childcare that are available from the private sector in urban centres.
- **Economic Base:** Urban areas generally have diverse economies, with a range of employment opportunities, and a significant rate base. Rural areas rely more heavily on primary industries such as agriculture, forestry, or mining, which are subject to economic fluctuations and have less diverse economic opportunities. Regional tourism promotion is bringing tourists out of the city centres, but often at a high maintenance cost to council for toilets, roads and amenities that don't generate more income from high tourist visitation.



- **Community Characteristics:** Urban communities tend to be younger, with a greater mix of cultures, lifestyles, and socioeconomic backgrounds. Rural communities often have tighter-knit social networks and may face challenges of access to services, transport, and ageing populations.
- **Environmental Considerations:** Climate impacts and the increasing prevalence of natural disasters are a significant concern for councils. More affluent urban councils have access to more resources for planning and mitigation, while fires and flood events can be a huge infrastructure, environmental and social cost to smaller communities.

There are very different needs and circumstances for rural and urban communities. Therefore, different solutions will be required to ensure local council sustainability, and a level equity of local service availability across regional Australia.

The financial sustainability and funding of local government

While councils are often best positioned to deliver public services with their local knowledge and understanding, they are not funded sufficiently to do so. RDA Tasmania supports the Australian Government's election commitment to provide 'fair increases' to Financial Assistance Grants, recognising the key role Federal Financial Assistance Grants play in supporting a sustainable local government sector.

The changing infrastructure and service delivery obligations of local government

How do we ensure that remote communities can deliver a quality of service commiserate to larger service centres? Often market failure and the support of local communities requires rural councils to take on more than their urban counterparts.

Health and Childcare

Local services such a health and childcare would ideally be provided by the private sector, with assistance from government. Currently, many small, rural councils subsidise or offer these services as they are considered commercially unviable by the private sector. This increases the inequity between urban and rural councils and their communities.

Tourism

Regional tourism promotion has been very successful in Tasmania to bring visitors out into the regions. However, more visitors put pressure on local toilets, car parks, camp sites and short-term rental issues, without a corresponding benefit of increased income to council.

Digital Connectivity

The business case for provision of mobile and digital services in regional Australia is weaker than in high density urban centres. Low population density, topographic challenges and lower demand make digital connectivity in rural areas more complex. Market failure in this sector means that local council often takes on the role of advocating for and coordinating local coverage. Urban centres do not have to have this level of involvement as it is profitable for the private sector to provide high quality services.

Climate impacts and natural disasters

Local Councils and Mayors are at the coalface of local disaster events such as bushfires and floods. Not only does this first response require emotional and practical resilience, but the aftermath is often damaged local assets and infrastructure. Even with funding assistance, the project

management required to assess, coordinate, repair and rebuild is a burden to small councils with limited capacity and limited availability of local skills and workforce.

The role of the Australian Government in addressing issues raised in relation to the above

The growth and success of regional Australia takes pressure off crowded urban settlements and provides service centres for agriculture and our key primary resource industries.

As the role and capacity of rural and urban councils is different, it follows that the resourcing and support provided should be tailored. Some practical measures to implement could include:

1. **Program Support:** Designed to be accessible to all councils, with funding proportionate to their needs, that incorporates challenges with inflationary costs and timely access to contractors. All support and investment should align with the Regional Investment Framework.
2. **Utilisation of RDA Network:** Ongoing collaboration with RDA committees to understand and address local challenges and gain feedback on how programs and policy work across our diverse regions and communities.
3. **Place-based Focus:** Financial support that reflects the unique needs and roles of local councils. Support should consider the available rate base and any local market failure in commercial provision of key services such as such as healthcare, childcare and digital connectivity.
4. **Disaster Response:** Support all local councils to plan, adapt and respond to climate change, weather and environmental impacts, and disaster response. Ensure that current Australian Government programs and policy are integrated and effective locally.

RDA Tasmania welcomes the opportunity for further engagement:

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