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Tasmanian Shipping and Freight Inquiry  
Productivity Commission  
GPO Box 1428 Canberra City, ACT 2601

**Tasmanian Shipping and Freight Inquiry – Draft Report**

We refer to the draft report and the general thrust of the conclusions therein.

We have noted with interest that the Commission has observed that past freight equalization arrangements have not in themselves been sufficient to address the problems of the State's economy and there are other policy reforms required to address the social and economic challenges that face Tasmania.

Over the past ten or more years we have been strong advocates for structural reform in Tasmania but it has been our experience there been a serious absence of political will to tackle entrenched self interests in public, business and community sectors including Local Government.

In the instance of Tasmanian Shipping Freight Inquiry, our interest is not so much the technicalities of shipping and freight equalization per se but instead the malaise state of the Tasmanian economy and the absence of preparedness by Governments( Federal, State and Local ) to address the structural inefficiencies and waste that is clearly apparent in State and Local Government.

Rather than address the fundamental problems, State and Local Government have developed a hand out mentality seeking subsidies and grants from the Commonwealth Government to provide basic services and support industry rather than tackle the fundamental problems in the economy. They have a cost plus mentality and are not willing to deliver services at the lowest possible cost. They have an unwillingness to embrace change and take risks.

There have been a plethora of studies undertaken by State and Local Government into matters impacting on the structural deficiencies. Generally, these studies have been substantially financed by the Commonwealth with some support of cash and in kind by State and Local Government. However, there has is a clear pattern that when State and Local

Government get a report that does not fit in with political imperatives or potentially impacts on self interest, the findings are put aside and not acted on.

A recent example of this is a study commissioned by the Southern Tasmanian Councils Authority (STCA which represents all twelve councils in the South of the State) in 2011. The Department of Regional Australia, Regional Development and Local Government provided \$150,000 and the STCA contributed \$180,000 in cash and kind. (In fact \$120,000 of the STCA contribution was for "Council input, advice and involvement" – only minimal cash contribution).

The agreed outputs for the project were

*"The output of this Project Plan will be a program of activities which produces:*

*(a) discussion papers on the key issues confronting local government in southern Tasmania, including community and economic development, public and community health, and sustainable infrastructure provision;*

*(b) clearly articulated, practical, sustainable options for local government in southern Tasmania, including but not limited to amalgamation and resource sharing, to be used for consultation with the community, State and Commonwealth Governments;*

*(c) a final report outlining the issues, strengths and weaknesses of each model and the panel's opinion on the most suitable option for southern Tasmania; and*

*(d) a national reference resource for local government, particularly for those other regions in Australia facing the same range of issues, setting out the options developed, the process undertaken, and the proposed future steps to be taken".*

An expert panel was appointed to undertake the study and it included Ms Jude Munro AO (Chair) Former CEO of the City Brisbane City Council, the City of Adelaide, the City of Moreland and the City of St Kilda. Mr Saul Estlake, Program Director, Productivity Growth, Grattan Institute; and former Chief Economist with the ANZ Banking Group. Mr Stephen Hains, former CEO of the City of Salisbury (SA), and City of Unley (SA); former CEO of SA Department of Business Manufacturing and Trade, and former SA Director of Planning.

This expert panel received 213 submissions of which 83% supported amalgamation of councils in some form. Only 9.8% did not support amalgamation. It went on to make thirteen recommendations to restructure local government in Southern Tasmania.

Several minor recommendations on the terms of office for councilors and mayors and compulsory voting at council elections (recommendations that can be categorised as self interests matters) were acted upon by the State Government However, what has been remarkable is the substantive recommendations for structural reform have been disregarded. The Commission is invited to note that this study was an initiative of the councils in the region which agreed to seek Commonwealth funding to finance the review, but when receiving the results failed to act.

Equally remarkable is the councils agreed with the Commonwealth to a series of outputs from the study but it is my opinion that the ensuing lack of rigor by STCA has made these objectives a farce.

For your reference we draw your attention to the final report of the expert panel.

The STCA is just one example we have cited to demonstrate the lack of appetite that exists in State and Local Government to confront and address the challenges that face Tasmania and the unwillingness of the Federal Governments ensure the implementation of micro economic reform in Tasmania.

Yours sincerely,

Robert Rockefeller  
Director