

George Town Council Submission to the Local Government Review Board

George Town Council commends the work of the Local government Review Board and the research it has commissioned to date and welcomes the opportunity to make a submission of its own for the Board's consideration.

The following submission serves two fold;

1. To make clear George Town Council's rejection of the City of Launceston's submission to become a metropolitan council for the reasons provided in its submission; and
2. To propose alternate reform measures for the Boards consideration

Background

The municipality of George Town has a long and proud history with a claim to being one of the oldest towns in Australia with European establishment occurring in 1804. The municipal area of course comprises a history carved out from its Aboriginal inhabitants for many thousands of years longer and today includes a population of 4.4% that identity as Aboriginal or Torres Strait Islander decent.

For generations industry has been the economic backbone to the residents of the George Town municipal area and the greater Tamar Valley Region. However, with only 30% of the industrial workforce residing within the municipality the wealth has 'spilled out' of the area in which its is generated. Low education attainment rates, high unemployment and distance to services has resulted in George Town having the unenviable position as being the most disadvantaged community in Tasmania. But, not for much longer.

George Town Council has invested heavily in a number of initiatives aimed at improving the social conditions of the community including ongoing educational support for disadvantaged families and economic support for covid impacted business. Creating a microclimate education to employment (Launchpad, MTB Hub) and support for business start-ups (Launchpad, Wild Tamar).

George Town Council is also well advanced in achieving its goal for prosperity for all, creating a second economy through tourism, enhancing liveability and championing industrial development and investment in renewables that will result in unprecedented growth in jobs and wealth creation. These efforts are bearing fruit.

The 2021 calendar year saw an increase in population by 2.1% (one of the highest rates across Tasmania), increase in average home values by 51%, increase in economic activity (CommBank data) by over 25%, and an increase of 24% new building activity. Further, vacancies across residential housing, commercial and retail premises are at all time lows.

Council's advocacy efforts to enhance the liveability of the municipality have been supported by both State and Federal Governments, with millions having been committed to the area including for a Health, Wellbeing and Aquatic Centre, NEBHUB, BBAMZ, H2 Hub among others. Council continues to improve the liveability of its community by stepping into areas outside its typical remit by bringing services to the community across health, education and employment. It should also be noted all infrastructure asks including Health, Wellbeing and Aquatic Centre are supported by business cases and costed with full operating costs accounted for over the life of the asset.

George Town Council maintains a sound balance sheet with healthy financial ratios, healthy annual financial performance, and a very healthy long term financial plan. George Town Council's financial position has never been stronger.

With large industrial developments around the corner, George Town Council will be able to invest further in infrastructure and services to enhance the quality of life for its current and future communities.

Rejection of the City of Launceston Submission

The City of Launceston's (CoL) submission:

'The CoL would urge the Board to explore the creation of a Metropolitan Council in the greater Launceston area which would include the important regional infrastructure outlined in the submission. Clearly this would still necessitate the maintenance of more rurally based Council areas to include the North-east, Western and Southern areas of the region.'

aimed at including the Port of Bell Bay within its geographical realm, comes at a time where the current custodians can reinvest into a community that has long suffered the greatest disadvantage in the State. George Town Council is strongly opposed to CoL's proposal on multiple levels.

George Town Council is not opposed to geographical boundary realignment, in fact it would welcome a community conversation on expanding its borders to include the rural townships north of the CBD of Launceston. George Town Council could maintain levels of services to these communities while providing lower rates than they currently pay under CoL. This could free Launceston from some of its asset burden and maintain a geographic area that better reflects its intent of being a 'metropolitan council'. Located some 48 km/s north of the Launceston CBD, beyond the rural communities of Dilston, Windemere, Swan Bay and Lilydale, the Port of Bell Bay certainly does not fit well within the definition of metro.

The port of Bell Bay is not located in a metropolitan area, and is unlikely to be for generations if at all. Should the City of Launceston expand its northern borders to include Bell Bay (48 km from its CBD) it in doing so would absorb the rural communities of Hillwood and Mount Direction. This appears in contrast to its own desires to become a large metropolitan council and its recommendations for *'rurally based Council areas to include the North-east, Western and Southern areas of the region'*. It is fair then to assume that their main intent is actually to gain rate revenue from Bell Bay rather provide effective representation or rural communities?

In its reasoning for inclusion of regional infrastructure (including Bell Bay) in a new metropolitan council area the CoL submission states:

'The reality of this situation is that it is difficult for the region to engage in integrated infrastructure and land use planning as each Council has a primary focus on their respective Municipal Areas and have no ability to directly influence or control what occurs in neighbouring Municipal Areas.'

This assertion suggests that the creation of metropolitan council that includes Bell Bay would provide better outcomes for industry and community, than the current collaborative efforts of the Bell Bay Advanced Manufacturing Zone, Hydrogen Cluster Initiative, Office of the Coordinator General, RECFIT, TasWater, TasPorts, TasHydro, TasRail, TasNetworks, TasIrrigation, industry, State and Federal Governments and the Tamar Valley Councils. The

submission however doesn't articulate how better planning outcomes would be achieved. It does however suggest that Land Use Planning remain with local councils dismissing consideration for regional planning authorities or relinquishing this function to the State. At what point does local area planning become most effective? Locally, regionally or state-wide?

While the report does not explicitly suggest amalgamations, merging of councils would be likely in the 'fall out' should the government accept City of Launceston's submission. The Bell Bay industrial precinct accounts for 26% of the George Town Council rates revenue. Without revenue from Bell Bay, George Town Council would not be financially sustainable. George Town Council reiterates its belief that the intent of CoL having Bell Bay included within its geographical area is purely for financial reasons.

The CoL submission claims that the City of Launceston is at a financial disadvantage to other councils, citing a 'spill over effect' costing the City of Launceston \$4.2M annually. This expense represents 4% of its budgeted revenue in 2021 (Source: City of Launceston Statutory Estimates 2021/2022).

'The spill over effect is 'when the central municipality provides certain services that are used by residents from surrounding municipalities as well, without contributing to their costs' (p.12 City of Launceston Local Government Board Review submission). The report has not detailed sufficient data on services, revenue, fees & charges, operational costs etc to provide the reader with the ability to analyse the statements being made. If the spill over argument is sound, perhaps the City of Launceston could put its case to the Stage Grants Commission to adjust the methodology applied for a fairer distribution of funds through the Federal Assistance Grants Scheme.

It is difficult to digest that a Council with a vision for its city to become 'one of Australia's most liveable and innovative regional cities', is complaining about a spill over effect. The City of Melbourne covers a geographical area of only 37.7 km² with a population of 170,000 (ABS 2021) central to the greater Melbourne metropolitan area of almost 10,000 km² and a population of 4.96M. What spill over effect is the City of Melbourne subsidising?

The spill over effect is being used to justify an expansion of its borders, population and rate base. Regardless of boundaries, a spill over effect is always likely to occur and in should be encouraged in many instances as users of central facilities also contribute to business and the local economy. It could be argued that George Town has similar experiences with the Bell Bay industrial precinct comprising a workforce made up of 30% of residents residing in the City of Launceston (source: Bell Bay Aluminium). Perhaps this could be coined a 'spill out' effect, where the wealth is not being reinvested in the area in which it was generated.

It could be argued that the spill over effect contributes to the economy of Launceston by extension to its residents. The submission developed by the City of Launceston could be strengthened by including data that demonstrates inflow of economic benefit from surrounding areas rather limiting it to negative financial impact. What portion of residents are using their facilities and where other users coming from?

Further, the report references academic studies on spill over effects but does not detail any initiatives it has considered to improve its operating models.

If reducing levels of service is unpalatable to the community (noting the statement is not substantiated through the citation of any data from community surveys), perhaps alternate business models and fee structures could be considered.

Fees could be increased for the use of Council managed facilities for users residing outside of the City of Launceston while being discounted or waived for its own residents. Parking fees could be increased with residents receiving free or discounted parking permits subsidised through fees paid from visitors.

As it is doing with UTAS Stadium, City of Launceston Council could consider further divestment of its 'regional assets' to State government or other bodies. This could include privatisation of its aquatic centre or QVMAG as examples.

The report mentions aging workforces and the need for councils to upskill existing resources while attracting new resources, and further suggests the review provides *'an opportune time to embed resource sharing between a Metropolitan Council and the rural Councils to ensure that we are all able to deliver services to our communities in a sustainable and innovative manner into the future.'*

If this were to occur at non-voluntary level, this could provide a metropolitan council with influence over other councils who become dependent on service provision from the larger council.

Rather than smaller councils being at the mercy of the larger councils for resource provision, perhaps another model might be to create an entity independent of local government. Councils could enter to contract arrangements

Councils including the City of Launceston could make redundant in its inhouse reliance on a number of services areas. The creation of separate independent entity could provide councils with functions such as ICT services, support and hardware, GIS, data analytics and monitoring, accounting, engineering, asset management, digital citizen engagement, human resources and industrial relation services and support, environmental health, statutory planning the list goes on.

As provided in the submission *'the pandemic has demonstrated that the traditional physical office space with a stationary computer will soon be obsolete. Fifty-two per cent of companies are embracing new ways of working – they plan to make remote work a permanent option for roles that allow it. Physical face-to-face proximity that was once seen as a requirement to get work done or serve customers and residents is being reimagined and enabled through digital collaboration platforms and tools'*. This suggests that services aren't required in any given physical location and therefore makes part of the shared services argument from one council to another redundant, particularly if the creation of separate entity is given serious consideration.

Perhaps the future role of council staff is to transition from technical experts to contract managers?

Alternate Reform Considerations

Centralised Services

Consideration for a centralised independent entity for the provision of corporate services. The Victorian State Government embarked on this journey sometime ago (for ICT) and may provide insight into the effectiveness (or not) of this model. Likewise, Wimmera-Mallee Councils and Gippsland Councils of Victoria have explored similar models.

In house expertise may be considered surplus to the needs of the business in the current technological climate. Many businesses are shifting to external providers for IaaS, SaaS and data analytics. This reduces the requirement for expensive assets such as servers and reduces operating costs associated with recruitment and retention of specialised talent. These services can be provided remotely and provide 'economies of scale'.

However, some scepticism needs to be exercised when considering benefits of larger councils achieving economies of scope and size for procurement purposes. Councils already have access to a suite of discounted services and products through LGAT Procurement, Municipal Association of Victoria (MAV) Procurement, State Government Contracts and the National Procurement Network (NPN).

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Place Based Services

As research commissioned from Board has confirmed, there is a shift of focus in the eyes of the community, from infrastructure and service provision to 'people'. Community recognises local government as its closest and more relatable level of government and its expectations of local government to improved social, educational and health outcomes are increasing.

Perhaps there is an opportunity for local councils to take on state services to increase workforces and utilise skillsets across related areas. This could extend to libraries, early years learning centres, environmental protection officers and the management of crown land among other programs? Many mainland jurisdictions are already doing this, and the remit of local government is significantly greater in the international examples provided within the *Future of Local Government Review Background Research Paper no. 2*.

Increasing Scope of Legislative Change

Comments have been made that council resources are inadequate to effectively deliver environmental health, statutory planning and building surveying with suggestions that these services could be better administered at a State level. This assertion implies that the State would better utilise the same resources for more efficient outcomes and assumes that the councils are not managing the same resources well. The competition for these specialised services extends beyond municipal boundaries. Mainland councils are experiencing the same pressures.

Perhaps, reform in statutory requirements could be considered to introduce stepped approval processes from para-professionals?

Conclusion

The objective of the Review is to create a more robust and capable system of local government, for the benefit of all Tasmanians.

The submission by the City of Launceston misses the mark. Its arguments for increasing its geographical reach are not robust, and there does not appear sufficient effort put into exploring alternate approaches to reducing its apparent cost burden.

George Town Council implores the Board to consider potential social injustices caused to smaller communities should proposals from larger councils to absorb regional infrastructure be entertained.

George Town Council commends the Board on its research undertaken to date and encourages it to also consider lessons learned from Queensland (*de Souza, S. V., Dollery, B. E., & Kortt, M. A. (2015). De-amalgamation in action: the Queensland experience. Public Management Review, 17(10), 1403-1424.*) and NSW (smh.com.au; *NSW mega Council bleeding red ink, give communities a say on breaking up mergers*).

George Town Council agrees with the findings to date that principal reasoning for reform being financial is likely for failure.

George Town Council is of the view that the role of local government in local communities can be increased significantly to include service provision for improved health, education, employment and social outcomes and agrees:

'the roles and services provided by local government might be changing but providing local, democratic representation remains an enduring and increasingly important function, especially in regional communities'

(National and International Trends in Local Government – Future of Local Government Review Background Research Paper No. 2 April 2022, p.4).