



**NORTHERN
MIDLANDS
COUNCIL**

SUBMISSION

TO

STATE GOVERNMENT

LOCAL GOVERNMENT BOARD REVIEW

P.O. Box 156
Longford Tas 7301

Telephone (03) 6397 7303
Facsimile (03) 6397 7331

www.northernmidlands.tas.gov.au

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1 EXECUTIVE SUMMARY

- NMC prefers an expansion of the shared resource model.
- The NMC submission discusses other areas for investigation/reform and is willing to engage in recommendations arising from the review that are likely to have positive results for residents.
- NMC has major concerns with the City of Launceston submission and these are also addressed in the submission.

2 INTRODUCTION

The Northern Midlands Council is participating in the State Government's Local Government Board Review.

Northern Midlands was created as a municipality following amalgamation of Evandale, Longford, Campbell Town, Ross and part of Fingal municipalities in 1993. It took in the major towns of Longford, Perth and Evandale, together with Western Junction Airport, TRANSLink Precinct and Ben Lomond National Park in the north, and the towns of Campbell Town, Ross and Avoca together with Lake Leake and Tooms Lake in the south, with boundaries extending from the coastal range in the east to the Western Tiers. Amongst the many challenges this posed were the integration of the many small communities into a functioning local government area, creation of a unifying image and identity, and formation of a single efficient administration which is supported by several local district committees to serve the needs of this expanded network of people.

Northern Midlands Council inherited some significant issues. One of these is distance, comprising as it does a widely scattered array of small towns across one of the largest rural local government areas in Tasmania. Another has been the equity issues posed by the demographic reality of shrinking country towns and villages in the south, and growing commuter towns in the north. Yet another has been the responsibility of managing some of the most significant heritage sites and landscapes in Tasmania, including the precious 19th century villages of Ross and Evandale; as well as the support of two World Heritage Listed sites.

There have been major problems to solve. Amongst them has been to address the social and logistical problems encountered by remote and aging communities in accessing government, health, commercial and education services, maintain social connections and ensure there is the necessary support for youth in areas far removed from city based facilities.

- Northern Midlands Council is responsible for the maintenance of 960kms of roads - more than any other council in Tasmania.
- Northern Midlands Council has an annual turnover of \$21.5m (2020/2021).
- 51% of municipal total revenue comes from rates (\$11.3m); the remainder is mostly Government grants for various services, and user fees.
- Northern Midlands contains over 7,700 properties, with an Assessed Annual Value of approximately \$175m.
- Population 13,600.
- Municipal area covers 5,133km².

There are a wide range of options that may deliver economies of scale, or other benefits in terms of more effective local government.

Options to be investigated or lessons to be learned from include:

- shared service delivery
- regional collaboration
- boundary adjustment
- voluntary, forced and failed amalgamations of councils

3 BACKGROUND

There have been many commissions and reports aimed at reforming local government, with a focus on the question of optimum size and efficiency.

There is often a heavy focus on economic arguments to the exclusion of other issues, for example:

- importance of good governance
- effective local democracy and representation
- evaluation of post-reform experience

4 AREAS FOR INVESTIGATION & DEBATE

4.1 Efficiency

Amalgamations and shared services; will they result in greater efficiencies and cost savings for local governments potential to do more with less.

4.2 Strategic Capacity

A developing view of the role of councils requires that they have the skills and resources to be high-capacity organisations with the requisite knowledge, creativity and innovation to enable them to manage complex change.

4.3 Service Delivery

We should ascertain whether consolidation would generate improvements in service delivery, it is understood few studies have actually examined the post-consolidation experience of those who received local government services.

4.4 Local Democracy

Quality of local presentation and the increasing difficulties of undertaking this effectively in larger councils. A range of approaches to enhance local democracy exist through mechanism such as community councils or boards, precincts or ward committees, our examples are Local District Committees.

5 RESEARCH METHODS

It is important that we examine data from a number of sources so that different data sets could be compared with each other.

- Desk Analysis of Literature
- Services for Case Studies
- Interviews
 - Councils
 - Local District Committee
 - Community committees
 - Businesses
 - Council Staff

6 ATTRIBUTES OF DIFFERENT FORMS OF CONSOLIDATION

The table below attempts a summary in terms of the attributes of different forms of consolidation. It should be read in conjunction with the points that follow.

Summary Attributes of Different Forms of Consolidation

	Amalgamation	Boundary Change	Shared Services	Regional Collaboration
Efficiency and Economies of Scale	Strong link	Potentially strong link subject to size/ disposition of re-shaped councils	Strong link	Weak link
Strategic Capacity	Strong link	As above – benefits will flow to larger ‘new’ council/s	Potential medium-strong link subject to organisation structure and governance	Weak link
Service Improvement and Innovation	Strong link	As above	Strong link (but limited to those services that are effectively shared)	Potential link subject to nature and scope of collaboration
Potential Diminution of Local Democracy	Distinct risk, but can be managed	Some risk depending on nature of ‘new’ councils – can be managed	Risk where shared services are extensive and decision-making is ceded to joint authority – may be difficult to manage	Little or no risk

- Ongoing change in local government is unavoidable, and consolidation in its various forms will be part of that process.
- As a general rule benefits of some sort do accrue when councils adopt mechanisms to collaborate or consolidate with other local authorities.
- Potential benefits are reduced or lost when the process is flawed due to inadequate planning and consultation or a failure to consider all the options available and precisely what each could achieve.
- There is little evidence that amalgamation will automatically yield substantial economies of scale.
- Efficiency gains can be achieved through various forms of consolidation, but are unlikely to produce reductions in local rates and charges due to other expenditure needs.
- What is more obvious is that various forms of consolidation have the capacity to yield economies of scope.
- More importantly, consolidation offers opportunities to achieve economies of scope or enhanced strategic capacity. This effect may well be strongest in the case of amalgamation into relatively large units.
- New services and/or innovative approaches to service delivery have been promoted through various forms of consolidation.
- In the case of more remote councils with small populations spread over large areas, consolidation (whether amalgamation or shared services) may not be feasible.
- Concerns for any diminution of local democracy are muted, suggesting that councils may be managing this issue well and/or that it is often not a major, ongoing factor in the eyes of the community.
- Underpinning any approach to consolidation is the importance of political leadership, good governance and effective management arrangements, both in managing change and establishing a sound basis for ongoing operations.
- There is a continuing role for state (and national) governments and local government associations in facilitating and supporting consolidation initiatives.
- Too much attention is focused on the institutional arrangements of the local government system in each jurisdiction rather than on the fundamental issue of the societal functions performed by local government and its changing role.

7 DISCUSSION

The need for ongoing reform:

Local government is under continuing pressure to evolve and reform in order to address challenges such as financial sustainability, changing community needs and expectations, growth, shifting relationships with governments.

Amalgamating, instituting shared services or other forms of collaboration between councils may be essential strategies to addressing the challenges facing local government and secure its place in the Australia system of government. Benefits may be derived from all of the approaches. Equally there may be disbenefits – disruption, transition costs, weakening of local democracy, loss of local identity and employment.

Options need to be addressed and solutions matched to a realistic, evidence-based assessment of the particular circumstances and issues involved. One size does not fit all, form must follow function, and objectives must be clear. It should follow that the best approach in the context of broader reform packages includes complementary improvements, such as enhanced political governance, better financial and asset management and organisational development.

Motivation and leadership to find the most appropriate solution based on rigorous and honest assessment of what needs to be done are essential. For example, implementing shared services or some form of regional alliance primarily as a means of countering moves towards amalgamation is unlikely to result in lasting partnerships and genuine benefits to the collective councils and communities involved.

Efficiency:

Internal cost savings and reduced rates and charges to consumers of local government services. It is understood that the evidence indicates that such savings need to be ploughed back into other areas, notably asset management. Greater efficiency is more likely to be reflected in enhanced strategic capacity or improved service delivery.

Economies of scope:

Economies of scope increase the capacity of councils to undertake new functions and deliver new or improved services that previously were not possible.

Larger councils are more likely to be engaged as partners with state or national governments in regional planning or governance arrangements, and to be able to exert real influence.

Service delivery:

Shared service agencies that provide regional or state-wide service delivery, or sharing a CEO/General Manager between small councils.

Local democracy:

Loss of democratic representation and/or public access to decision-making. This concern would be managed by maintaining a high ratio of elected member to constituents.

Limits to amalgamations:

What is feasible?

Shared services may be impractical or yield limited benefits; travel distance becomes prohibitive for effective amalgamations; democratic representation simply becomes too onerous and establishing any form of community of interest difficult.

The importance of local government, review, reform seeking to answer the questions raised about what, if anything, can be done to enhance the capacity and viability of small (in population), more remote councils, many of which may be facing severe financial pressures.

Constitutional Recognition:

Why does local government need constitutional recognition?

- As has been argued for many years, the only way to protect direct federal funding for community services and infrastructure is to have local government recognised in the Australian Constitution.
- Councils need financial certainty. They need formal recognition as legitimate recipients of direct federal funding. Without it, federal funding programs are at risk of High Court challenge.
- Recognising local government in the Constitution will secure the Commonwealth's ability to continue providing direct funding for councils to maintain local roads, infrastructure, services and facilities that local communities need and deserve.
- An example of direct funding programs is the Roads to Recovery program, where the Commonwealth provides funding to councils for maintaining local roads. Local roads are a good example of community infrastructure that every Australian resident benefits from.

Commonwealth Funding:

Financial Assistance Grants provided to councils need to increase.

It is understood historically Financial Assistance Grants were set at one percent of Commonwealth taxation revenue, and now they are nearly half that amount

We need to reverse the slide so our communities continue to get the services and support they need.

Restoring financial assistance grants would enable us to create more jobs, build more libraries and playgrounds, and reduce cost of living pressures for local families.

These grants are so important because they are untied, meaning they can be spent on local priorities.

Increasing Financial Assistance Grants would make sure that federal funding flows into every corner of our nation and ensure that no community is left behind.

8. NORTHERN MIDLANDS COUNCIL'S PREFERRED MODEL

The current model of sharing services and collaboration between councils in a common region is Northern Midlands Council's preferred model for ongoing reform of local government services. Below is a table showing the current shared services projects in the Northern Tasmanian region. NMC believes these projects have been very successful

Current Shared Services Projects

Project	Objective / Status
Waste Processing	<p>Discussion about a waste processing plant in the North. With the massive increase in the waste levy we need to make sure this money is spent wisely and a processing plant may have merit.</p> <p>Northern Tasmania Waste Management Group (NTWMG) are investigating at a regional waste processing facility and are in the process of developing a consultants brief.</p> <p>There is also an opportunity to consider establishing a regional approach to household refuse collection service.</p>
Climate Change Action Project	<p>Through the Northern Regional Council Manager's group a collaborative program for climate change action planning across Northern Councils is under investigation. The scoping project has three main components:</p> <ul style="list-style-type: none"> Develop a prioritised scope for CCAP in Northern Tasmania that identifies key activities relating to mitigation and adaptation relevant to Local Government. These priorities will be used to develop a detailed workplan for the first 12-months of an ongoing program as well as guide on-going activities after the first 12 months. Development of a preferred collaborative governance model for a Northern Climate Change Action program, including dedicated staffing, arrangements for cross-Council collaboration across Northern Councils and options for cross-regional and Statewide collaboration. A desktop audit of available tools, methods and templates for climate change action planning. <p>Activities undertaken as part of the scoping project to date have focussed on:</p> <ul style="list-style-type: none"> Compilation of resources found during the desktop audit in an electronic database. Development of a conceptual framework describing the range of potential focus areas and associated issues and questions for a CCAP program for Local Government. As set of potential governance frameworks for regional and Statewide collaboration. Consultation with Northern Councils to refine the framework, identify priorities and explore preferences for resourcing and governance.
Regional Land Use Strategy Review – Bundle 2	<p>NTDC facilitating review of RLUS and update</p> <p>Regional Planners Group are progressing the consultancy to undertake the Regional Residential Demand and Supply Analysis with consultants appointed.</p> <p>The Regional Planning Group are preparing a list of priority planning projects to apply for contributory funding from the state planning office.</p>
Asset Management	<p>Discussion occurred in relation to Asset Condition Surveys with a focus on road infrastructure. Some alternative approaches exist amongst Councils and a general view we should explore options to align and coordinate a regional approach.</p>
Legal Services	<p>Overview:</p> <p>The objective of the project was to utilise the power of a joint procurement approach from northern region Councils to realise savings and other benefits for participating Councils. This could be achieved by engaging one legal firm as the primary provider of legal advice to participating Councils. Required outcomes were identified in the Brief and included:</p> <ul style="list-style-type: none"> Provision of legal advice Review and provision of templates and notices, for example, planning enforcement and animal control Provide services for a set fee, payable by way of proportionate contribution by each Council Share legal advice between participating councils with personal information redacted if appropriate / necessary to ensure privacy and confidentiality are maintained <p>Council's Priorities/Goals:</p> <p>The project links directly to long-term goals that Councils have in relation to financial sustainability and securing value for money by providing a cost saving for the participating Councils in two main ways. When the aggregated purchasing by Councils is taken into account, then we become a very major client for any legal firm which drives more competitive hourly rates generating an immediate cost saving to Councils. The second area of saving is harder to quantify but is proving invaluable to Council officers, that is having access to a central bank (tool box) of resources such as legal advice, rather than individual Councils requesting the same advice from multiple firms or the same firm.</p> <p>Community needs:</p> <p>The project improves the quality of information provided to members of the community by Councils and supports greater consistency across local government areas in the region, particularly in the development area.</p>

Project	Objective / Status
	<p>Outcomes: The project has generated tangible outcomes so far in two main areas, reduced costs to participating Councils and access to a large tool kit of legal advice. Whilst the savings from reduced fees are measurable, the intangible saving is the access to the legal advice that other Councils has obtained.</p> <p>Value adding: The project adds value to the Council through cost savings and enabling Council officers to access legal advice obtained by other northern region Councils to support them undertaking their roles.</p> <p>Initiative: This project is the first project of collaboration of this nature that we are aware of within Tasmania and we understand unique within the legal sector. The Shared Services Study identifies many opportunities for the participating Councils to cost share or consolidate services. There are other opportunities available for the Councils moving forward.</p>

Future Shared Services Projects

NMC believes there is great scope to expand the shared services projects in the region.

Through resource sharing on a regional basis Councils can improve the efficiency, effectiveness and quality of services and functions. Importantly, they provide the opportunity for Councils to maintain but also to improve service delivery to their communities in response to increasing external pressure resulting from other levels of government and to increasing regulatory, compliance and reporting requirements imposed on them.

Resource sharing can be implemented in a number of ways including:

- Resource sharing through service agreements where Councils as a group agree to allocate functions between themselves – one Council does a function on behalf of the group. Here a Council outsources a function to another Council.
- Resource sharing through a joint enterprise where Councils form a joint business to achieve economies of scale across a functional area of core business.
- Merger/amalgamation where Councils join together voluntarily.

There are other variations of resource sharing through service agreements. These include agency agreements, where one Council performs operations on behalf of other Councils as their agent. As well there could be a range of formal and informal arrangements to jointly fund, operate or provide services and share staff, facilities and assets. Examples of these include the sharing of building inspectors and waste management services.

There are opportunities to rationalise and achieve better utilisation of major operational assets such as plant and equipment, depots, workshops, administration centres and office technology, such as IT systems. Specialised items of plant which may have relatively low utilisation levels can be better utilised.

To achieve a successful outcome from the process of resource sharing it is essential that the process is designed to enable a range of options to be considered and informed decisions made only when the strengths and weaknesses of the options are determined.

Some of the opportunities for shared service delivery/regional collaboration include:

- Information Technology:
The company that councils in the region were partnering with withdrew from the project. It is understood that the reason for the withdrawal was because it was of greater financial benefit to the company to deal with each council on an individual basis.
The benefit of common technology platforms is not in the technology cost or operations. Rather, the majority of the potential benefit in shared platforms is in the ability to consolidate and drive synergies in processes across all operations of the councils, regardless of their physical location, size and complexity. This includes the standardisation of all corporate applications (finance, procurement, human resources, etc.) as well as technology platforms used for engineering & GIS, planning & design, asset management and risk management.

Establish a Regional Authority

- Northern Tasmania Waste Management Authority

NTWMA may be formed to provide waste management and resource recovery services. It would receive and process material on behalf of its constituent councils as well as providing waste management services to private industry.

- Waste Management Services
 - Kerbside Bin Collections
 - Hard Waste
 - Resource Recovery Centre
 - FOGO – Green Waste
 - Landfill

- Common Services

Common Services delivery model would involve the councils coming together as stakeholders, looking within the councils for opportunities to undertake shared initiatives at a whole-of-region or sub-regional level.

A common services model would provide participants with the ability and resources to enable quality equitable service provision, as well as generate economic efficiencies and increased viability to participating councils in the region.

The model enables participants to meet legislative requirements, increase consistency of processes between municipalities and develop the reputation and professionalisation of the councils.

- Engineering
- Environmental Health
- Planning/Building
- Building Surveyor

Planning Authority

- Internal and Independent Planning Authorities

There is recognition of the importance of planning to the economy in general, and particularly in housing supply, and hence the importance of improving the efficiency of the development application process.

A local authority may be staffed by officers and/or councillors, and an independent authority comprises of external experts and community representatives.

These collaborative approaches provide increased transparency, integrity and rigour in the development assessment process. The authorities can be used to provide advice to the applicants, objectors, council officers and councillors on individual DAs at various stages during the assessment process and/or to determine the development application. For example, authorities can be established:

- To provide advice to the applicant at the pre-lodgement stage including on design matters
- To provide advice upon lodgement or once the submissions have been received
- To provide advice on the design of the development at the pre-lodgement stage or during the assessment process
- To peer review the officers' assessment and recommendations
- To make the determination or to provide advice to those making the determination
- To review decisions as part of the post determination mediation/conciliation stage
- To provide advice to the councillors on senior officers on policy and practice matters.

An independent authority may be considered to be a council's body, they can be seen as a partner in the council's processes. This partnership can assist in removing the conflict associated with the multiple roles of councillors as decision maker and advocate, particularly when the authority takes over the decision-making role.

Response to the City of Launceston Submission

Northern Midlands Council dismisses the City of Launceston submission to create a large metropolitan council that would make its neighbouring councils unviable.

Northern Midlands Council has carried out a high-level assessment on the loss of the areas of Perth and Western Junction on the rate base of the Northern Midlands; for this area only, loss in income totals \$3.9M of rate revenue which equates to 36%.

Added to that, the loss from future subdivisions and development opportunities, the financial loss amounts to approximately \$1.88M of annual development revenue over time.

Once the Local Government Board have had the opportunity to assess the submissions and identified opportunities for our consideration, with supporting quantified data, we would be seeking to respond further.

Data Estimation

PERTH

- Properties say	1750
- Average Rates say	1200
- Annual Rate Revenue	\$ 2,100,000

WESTERN JUNCTION

- Properties say	225
- Average Rates say	8000
- Annual Rate Revenue	\$ 1,800,000

RATE REVENUE LOSS WITHOUT ABOVE AREAS

36%

Note: these estimates do not include surrounding properties

DEVELOPMENT OPPORTUNITIES

Evandale	500	\$	600,000
Perth	400	\$	480,000
Translink	100	\$	800,000
- Annual Development Revenue		\$	1,880,000

Data reported below is for the 2021/22 Financial Year

	Break O'Day	Dorset	Flinders	George Town	Meander Valley	Northern Midlands	West Tamar	Launceston	The Rest
Km of council road									
Urban Sealed Road	134.00	54.40	10.00	88.00	114.00	110.00	128.00	373.90	
Rural Sealed Road	100.00	197.10	65.00	107.00	451.00	465.00	192.00	163.20	
Total Sealed	234.00	251.50	75.00	195.00	565.00	575.00	320.00	537.10	
Urban Unsealed Road	299.00	5.10	5.00	4.00	6.00	15.00	3.00	-	
Rural Unsealed Road	23.00	438.30	274.00	75.00	255.00	370.00	149.00	202.00	
Total Unsealed	322.00	443.40	279.00	79.00	261.00	385.00	152.00	202.00	
Total Roads	556.00	694.90	354.00	274.00	826.00	960.00	472.00	739.10	4,136.90
Bridges									
Concrete	5535	4988	1179	2030	7179	10080	3210	6569	
Steel	258	221				88	55		
Timber	1330	1684		129	851	244	35	72	
Other	186	0		381	1015			55	
RCP	494	103	288	40	74	285	131	239	
RBC	358	140		124	398	423	334	593	
	5535	4988	1179	2030	7179	10080	3210	6569	
Total Bridges	8,161.00	7,136.00	1,467.00	2,704.00	9,517.00	11,120.00	3,765.00	7,528.00	43,870.00

	Break O'Day	Dorset	Flinders	George Town	Meander Valley	Northern Midlands	West Tamar	Launceston	The Rest
Total Rates and Annual Charges	9,769,891	7,613,000	2,065,264	8,742,268	13,106,285	11,670,917	19,447,300	71,776,411	72,414,925
Rateable Properties	6,476	5,391	1,254	4,520	10,391	7,386	12,399	32,423	47,817
Net Assets	193,995,674	201,599,000	62,468,000	147,107,441	310,300,160	409,226,343	386,639,150	1,932,649,233	1,711,335,768
Total Employee Costs	5,096,000	4,177,500	2,092,000	3,791,630	7,152,368	5,624,340	9,638,772	42,577,807	37,572,610
Total Employees FTEs	53	65	20	40	82	65	106	434	430
Employee Cost per FTE	97,067	64,023	107,062	94,791	87,065	87,199	90,932	98,160	87,390
Estimated Resident Population (2019/2020)	6,346	6,685	1,004	7,117	20,037	13,598	24,423	68,813	79,210

Data Sourced from LG Profile DRAFT circulated to Councils 8/3/22 by Dominic Oswin from KPMG on behalf of the Department of Premier and Cabinet

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