

Devonport City Council Submission

Phase 1 - Future of Local Government Review 2022

Approved by resolution at Council's meeting on 26 April 2022

Preamble

The Devonport City Council (DCC) welcomes the opportunity to provide comment in relation to Stage 1 of the Future of Local Government Review.

DCC understands from the Terms of Reference for the Review, that the Board will consider:

- 1) the future roles and functions that should be delivered by local government in Tasmania;
- 2) the organisational features and capabilities necessary to enable local government to effectively and sustainably deliver its future roles and functions;
- 3) the optimal future design for the Tasmanian local government sector to support the delivery of local government's proposed roles, functions, features and capabilities, individually and collectively, across representative and administrative roles and functions;
- 4) a practical transition plan for implementing the future design of local government in Tasmania, if required; and
- 5) any other matters the Board considers relevant to the above.

This submission considers matters relevant to the first three points, with a specific emphasis on the second and third points, outlining DCC's view on necessary future organisational features and capabilities and the optimal future design for local government.

DCC does not consider that the roles and functions of local government within Tasmania, need to change significantly, but rather believe the more pressing matters relate to current and emerging issues such as economies of scale, poor strategic planning, cost inequity and the inability to deliver services which meet growing community expectations.

Executive Summary

From the outset the DCC suggests that local government reform should not be a one size fits all approach. Each area has its own attributes, unique challenges, opportunities and legacies and on this basis, it is unwise to apply a blanket approach in regard to local government reform and in particular the amalgamation of councils. DCC does not wish to suggest what may or may not suit other regions, but rather provide comment in relation to what it considers the most beneficial long-term outcome for this region. Unashamedly, DCC considers the amalgamation of existing local government authorities in the Mersey region, creating critical mass, to be the optimum model for local government, in this area in coming decades.

DCC firmly believes that amalgamation of Councils in the Mersey Region should occur regardless of what occurs in the remainder of the State. DCC does not support an ideological position that supports or opposes amalgamation on a wholesale basis.

As a city, Devonport currently serves a catchment, in broad terms, of approximately sixty thousand people. The "Mersey Region" is a term loosely applied to describe the catchment area and is the definition used in this submission.

Attachment 1 considers each of the activities and functions listed under the Future of Local Government Review themes and whether each on balance would be better delivered under one larger Local Government Authority (LGA) serving the catchment versus retaining the existing LGA structure.

The assessment concludes that of the 44 listed functions and activities, 33 would benefit overall from being delivered under a larger LGA, two would potentially be best delivered through the existing smaller LGA structures and the remaining nine would be negligibly impacted regardless of size of the LGA. It would be expected that any new functions of local government, not currently listed would be best served by a larger Council with the financial and skills capacity to take on new responsibilities but still small and nimble enough to pivot and be responsive to changing community expectations.

In the Mersey region, with close proximity between LGAs, fluid population transit daily across municipal borders, shared demographic and social profiles, the case for amalgamation is strong. Aside from the natural synergies and interdependent nature of the Mersey councils, the long-term benefits include:

- Cost efficiencies driven by economies of scale
- Improved strategic planning and long-term infrastructure investment outcomes
- Improved cost equity
- More consistent service delivery standards
- Greater workforce capacity and capability
- Enhanced digital capacity
- Better positioned to effectively manage climate change adaptation
- Increased regional recognition and significance

In addition, it is Council's expectation that the responsibilities and community expectations of local government will continue to increase. An amalgamation of the Mersey councils will be better able to adapt and finance the increasing demands and changing responsibilities of local government over time. It would create an organisation of sufficient size and scale that could promote the region as one and be able to compete nationally and even globally with other similar locations.

Outlined below are further details regarding the natural synergies, the long-term benefits of structural change, alternatives to amalgamation, the historical context and realistic opportunities to address the obstacles which have previously prevented major change.

Natural Synergies

It is suggested that the larger LGA would consist of an estimated population of 60,300, and geographical area of approximately 2350 sq/km's made up of the following existing municipal areas:

- Kentish – 6,400 pop, 1155 sq/km
- Latrobe – 11,900 pop, 600 sq/km
- Devonport – 25,800 pop, 111 sq/km
- Eastern Part of Central Coast* - 16,200 pop, 487 sq/km

Over 90% of the population of the proposed LGA would live within 25kms or within less than a 25-minute drive from Devonport, the geographical, economic, service, and population centre of the LGA.

As the population increases the urbanised and developed areas of the Mersey region are drawing closer, with limited undeveloped and unoccupied land remaining between coastal townships. This proximity, along with similarities in demographics, social interests, employment, and educational choices has resulted in the existing municipal boundaries having little relevance to many residents. Much of the population transit existing LGA boundaries seamlessly in their daily lives, while the management, operation and investment in essential services and infrastructure is managed in isolation from this pattern.

Unlike the sparse distances between settlements through the centre of Tasmania or the high population densities of Southern Tasmania, the population and subsequent densities of the Mersey Region are unique and under any measure highlight the logic in the consolidation of existing municipal boundaries.

Cost Efficiencies

Local government service delivery in the Mersey Region would be far more efficient and effective through the economies of scale that could be achieved with the merger of existing LGAs.

The scale of existing structures is too small to justify current practices such as separate tendering and contracting of services, the support of standalone operating systems, duplication of management and administration overhead and the development of the myriad of plans, strategies and documents each LGA is required (often legislated) to produce.

The economies of scale created by a larger entity would result in greater buying power, improved procurement practices and more competitive tender prices, without the limitations of existing shared procurement or resourcing models. As an example, the efficiencies would be significant from a single tender for waste collection services, based on an aligned level of service across the larger LGA in comparison to the existing model involving 2 separate contractors plus a council resourced inhouse model, undertaking four different levels of service, across the different municipal areas.

The transit of employees across LGAs in this region is common, with a resignation often resulting in a domino effect with recruitment attracting employees from neighbouring Councils, creating another resignation that results in recruitment again from a neighbour. The career progression, understandably being sought by employees is often driven by a lack of opportunity but results in significant direct and indirect recruitment costs being incurred by each LGA. A larger LGA has greater capacity and scope to provide further development opportunities and promotions within the organisation and reduce staff turnover.

Improved strategic planning

The current system of local government forces elected members to make decisions based on the best outcome for their LGA. This approach, at best, rarely considers the broader regional implications and at worst drives decisions which are knowingly detrimental to neighbouring LGAs. Provision of regional infrastructure, land use planning, economic development and natural resource management are just a few areas in which communities of such close proximity, as those in the Mersey Region, would benefit from a more strategic approach to decision making.

Duplication of facilities and assets is another by-product of closely located, yet autonomous LGAs, which are ultimately funded at the expense of the ratepayer.

Future Functions of Local Government

It is likely (& necessary) that the role and responsibilities of local government will continue to evolve over time. Whilst a specific outcome of this Review is to determine what future roles and functions local government should undertake, DCC submits that history demonstrates this is an evolving process which will continue to change in response to community demand and need. Rather than define the likely future roles and functions, DCC considers it more important to ensure the region is served by a council appropriately sized with sufficient financial and skills capacity to take on any new and emerging responsibilities but still small and nimble enough to pivot towards evolving community expectations.

DCC also submits that councils should be left with the autonomy to determine its future functions based on local community expectations and needs. DCC submits that the LG Act can be amended to include a sustainability framework which councils would be required to use when determining whether to take on new responsibilities. Similarly, this framework could be used by councils when deciding when to modify, reduce, or cease existing services.

Cost Equity

Good policy must strive to ensure the funding of public services occurs in a fair and equitable manner. The current LGA structures do not allow this with significant subsidy across the regions.

Users of facilities such as waste transfer stations, cemeteries, and even camping grounds understandably frequent the location of their choice, irrespective of their residential LGA. With public pressure often limiting user fees to a fraction of true cost recovery, it is the ratepayers of the LGA in which the facility exists, who fund the balance.

The same occurs with the provision of major regional facilities typically located in Devonport City, funded by Devonport Council yet frequented and enjoyed by residents living in surrounding LGAs.

Whilst this occurs to some degree in all LGAs across the State, the issue is exacerbated by the relative closeness of communities in the Mersey Region. Equity can only occur through a more macro approach which shifts to greater consistency in the contribution each resident makes through property rates.

It is acknowledged that the correction of such inequities is difficult and would require phase-in mechanisms to avoid price shocks, however the current LGA structure results in a situation which is not fair or equitable to all residents.

Greater workforce capacity and capability

Councils on the Northwest Coast of Tasmania regularly have trouble recruiting suitably qualified staff. A larger workplace would provide improved employment conditions and opportunities, making the workplace more attractive. Combining the staffing capacity of 3.5 councils would result in a much greater skill base, better staff coverage for leave, and improved career opportunities for staff.

A larger workforce would result in greater diversity in the skills and expertise of employees, leading to better, more informed decision making. By combining into one larger workforce, Council's risk of being left completely without skilled staff in a particular area due to either recruitment issues or

leave is reduced. There have been several instances in the past where councils have been left without suitably qualified plumbing surveying expertise, environmental health expertise or planners leaving them unable to respond to public queries or even the fulfilling the minimum statutory requirements.

Whilst resource sharing can address some workforce issues, resource sharing does not offer the improved career opportunities for staff and may make recruitment even more difficult, because working across two organisations could be considered more complicated and consequently less attractive.

Enhanced digital capacity

Council amalgamation will lead to improved digital capacity and reduced IT costs. Currently each council in the Mersey region pays for multiple specialist IT systems and programs. There is considerable cost to each council for licensing these, establishing them and maintaining them. Considerable savings could be made if only one organisation rather than four were implementing a system.

Residents' expectations to interact digitally with Council on a 24/7 basis are increasing. It is becoming expected that Council business can be done from home, just like banking or holiday planning. The ability to provide this level of service in a seamless manner with effective security requires a level of size and scale that realistically is beyond the reach of smaller LGA's across the State.

A larger LGA as proposed would have the IT resourcing and capability to deliver improved integrated systems, more effective cyber security and far greater digital capabilities generally.

Climate Change Adaptation

Like many environmental and land use policies managed by Council, Climate Change Adaption would be more cost-effective and effective if done on a regional scale. Issues such as storm surge, increased rainfall intensity, and temperature variations do not vary across existing municipal boundaries. Were the Mersey councils to combine, a single Climate Change Adaptation Strategy would be relevant to managing the issue across the area. Many aspects of Devonport's Climate Adaption Strategy require more studies to be completed to fully understand the impacts of climate change. There is little benefit in three councils completing this work separately, particularly given the intertwined nature of the Coast and River systems in the area.

In practical terms, issues such as flood management would be improved with a larger council, as most Rivers in the area cross multiple boundaries, meaning that works done in one municipality can affect what happens both upstream and downstream of the work.

Increased regional recognition and significance

In today's interconnected world, regions are competing not only across the nation but across the world. With the evolution of air travel and the digital and internet age, global societies are much different to the era when municipal boundaries were first established. No longer are LGAs competing with neighbouring LGAs for residents, government funding, visitors or employees but

rather regions that are successful and prosperous are being compared on a much wider scale. If the Mersey region is to be relevant and recognisable with other similar regions across the country, it needs to be supported, serviced and promoted by an LGA of sufficient scale and size.

Adapting to Changing Community Expectation of Local Government

Councils are now governed by more legislation than ever before, meaning that once simple tasks require a greater amount of planning, organisation and specialist skills than ever before. Additionally, communities often expect councils and other government bodies to operate to a higher standard than minimum, particularly in relation to governance, public safety and the environment.

It is expected that over time, councils will have even greater responsibilities than they currently carry. Again, some of these responsibilities may be legislated such as environmental management which will infiltrate through many aspects of Council's work. Other tasks may be the result of public expectations or lobbying by particular interest groups. Enabling councils to be responsive to community need is a core purpose of local government.

A larger Mersey municipal area is likely to be able to adapt to the changing community expectation of local government. Larger councils have the ability to offer a greater range of services, funded by cost-efficiencies found by combining the workload. Larger councils also have capacity to attract and manage larger State and Federal grants, which often require matching funding and demonstrated experience in operating new facilities and events.

Alternatives to Amalgamation

Alternatives to amalgamation such as resource sharing, the establishment of sub-regional or regional bodies for selected services and the transfer of responsibilities between levels of government can achieve efficiencies and service improvements.

However, these measures are simply compromised alternatives designed within the constraints that unquestionably exist.

These compromises may be justifiable in very remote or geographically and socially diverse locations and warrant the necessary cross subsidisation to counter inefficiencies. However, in the Mersey region with close proximity between LGAs, fluid population transit daily across borders, shared demographic and social profiles, the case for compromise is limited and anything short of amalgamation ultimately provides a less effective and efficient system of local government for residents of this region.

Resource sharing in recent years between Latrobe and Kentish councils as well as Circular Head and Waratah-Wynyard councils has demonstrated benefits for participating communities however these outcomes are reliant on the relationship between elected members and executive staff of the two organisations. Experience has demonstrated in both examples how a break down in this relationship or unpalatable recommendations can quickly unwind any benefits gained.

Not dissimilar was the Bacon Government's State/Local partnership agreements, which initially built on much goodwill resulted in significant resourcing and commitment only to be wound back over time, resulting in any initial efficiencies and improvements being lost.

The 2009 Water and Sewerage reform was impacted by the simple fact that many small and regional councils were simply not able to provide these services in a sustainable manner while meeting the

increasing public health and environmental standards. Waste Management is following a similar trajectory and as environmental standards and expectations increase, it will become inevitable that many LGAs will not be able to sustainably provide these services to the level expected and the logic of a more regional approach will prevail.

Land use planning is another service often touted as better provided with a more centralised approach.

While the removal of these services may have merit, it only adds to the existing challenges which result due to a lack of critical mass within what remains of the LGA.

Sharing of staff across two or more organisations can be difficult with those staff required to learn different process and systems for each council. Staff can find themselves implementing differing policies in a small geographic region with little input into the system. There are also additional costs associated with this, with each council needing to provide software, access to systems, and licences for one individual, replicating the cost. True benefits cannot be realised through shared services if the councils do not share the same business systems supporting the same processes. Amalgamation naturally forces this outcome. The sustainability of staff, particularly those in management positions working across two councils is also a challenge with shared arrangements.

Historical Context

The reform of Tasmanian local government in 1993 led to a reduction of councils from 46 to 29, a significant reduction, which is universally accepted as having been a necessary and beneficial change. The Local Government Advisory Board's research in 1993 concluded that despite a reduction to 29, many Tasmanian councils remained below the threshold required for sustainability. This was recognised, but unsuccessfully addressed in the failed reform of 1997.

When considering the size and scale of reform in 1993, the retention of standalone LGA's in the Mersey region appears inconsistent with the threshold that was applied elsewhere in the State in the determination of new boundaries.

In 1993, an idea involving a shared services model between Latrobe and Kentish municipalities was first mooted. This was considered an innovative idea, worthy of implementation and appears to have been a key factor in these LGAs retaining their identity when others with similar characteristics were amalgamated. The shared services model, created as a Joint Authority under the new local government act was successful for approximately five years before the elected Councils determined to abandon the model and return to stand alone LGAs.

The 1997 reform, proposed a greater Braddon Council, stretching from Wynyard to Latrobe and incorporating both coastal cities. The opposition to this coastal super Council was significant and coastal representation played a key role in the ultimate demise of the Government's reform agenda. Had the reform process of 1997 taken a less ambitious and less adversarial approach, it is likely the logic of a greater Mersey LGA would have prevailed.

Overcoming the Obstacles Preventing Change

If amalgamation occurred, it would be important to ensure that Council remained accessible and representative to all communities in the municipality. Whilst wards have previously been used in amalgamation, it seems unnecessary in the Mersey Region, given the intertwined nature of the region. Already there are examples of councillors who live in one municipality, work in another and

have family and/or recreational ties to a third. Of the existing nine DCC Councillors, at least four either currently live or have lived in a neighbouring municipality whilst an elected member of DCC.

Shopfronts can be used to ensure continual accessibility of Council, both to representatives and also to the administrative aspects of Council. Already contact details of local representatives, including mobile phones and email addresses are widely circulated, negating the need for face-to-face contact in many instances. Face-to-face appointments can be facilitated at shop fronts, in the same way they are now.

Whilst smaller councils do have more representatives per head of population, amalgamation would not necessarily lead to poorer representation. Councils in the Mersey Region appear to be made up of similar representatives, with somewhat limited diversity. Amalgamation is unlikely to improve or worsen the diversity amongst councillors.

Settlements in the Mersey Region has changed significantly since the municipal boundaries were created and in fact since the last major reform in 1993. The Port Sorrel area is now a significant settlement similar in size to Latrobe, yet a separate LGA for this area is not considered necessary or sustainable, with issues of representation and community engagement being adequately and successfully led by an LGA in a separate township. A similar situation occurs with the townships of Railton and Penguin negating any concerns that a larger regional LGA would not be able to ensure the continuation of fair local representation.

Conclusion

This submission by the DCC considers the future role of local government in the Mersey region.

Council generally supports retaining the existing roles and functions, as currently undertaken by local government, recognising these have evolved over time and will continue to evolve and change. Of more importance is ensuring the region has a local government with the features, scale and capabilities necessary to effectively and sustainably deliver these roles and functions.

On this basis DCC considers the region would be best served by a larger LGA consisting of an amalgamation of Latrobe, Kentish, Devonport and the eastern part of Central Coast.

This would create a council appropriately sized with sufficient financial and skills capacity to most effectively and efficiently serve the residents of this region whilst still small and nimble enough to ensure strong community representation and engagement to pivot towards evolving community expectations.

Council would welcome the opportunity to provide further details in relation to the matters raised in this submission as the Review progresses.

Footnote

*Eastern Part of Central Coast includes Leith, Turners Beach, Ulverstone, West Ulverstone and rural remainder east of Leven River.

Attachment 1

Assessment of each of the activities and functions listed under the Local Government Review themes, noting whether each, on balance would be better delivered under a larger LGA or the existing local government structure serving the Mersey region.

Review Theme		Better provided under larger LGA	Better provided under existing LGA	Largely irrelevant
Community Well Being	Museums and galleries	Typically, larger staffed facilities only provided by larger LGAs, yet benefits broader catchment area. Larger LGA provides greater equity with revenue sourced across the catchment to which it benefits. Smaller voluntary based facilities have greater support and access to qualified curatorial expertise.		
	Public art			No substantial impact from LGA size
	Community events, markets and festivals			No substantial impact from LGA size
	Community support services for vulnerable people	Economies of scale increase the ability to employ specialist staff dedicated to these services		
	Social welfare	Economies of scale increase the ability to employ specialist staff dedicated to these services		
	Support for community volunteer, sport and cultural groups	Economies of scale increase the ability to employ specialist staff dedicated to these services		

Review Theme		Better provided under larger LGA	Better provided under existing LGA	Largely irrelevant
	Emergency and disaster management and recovery	Emergency management currently coordinated at sub regional level		
	Public health/medical services	Economies of scale increase the ability to employ specialist staff dedicated to these services		
	Transport accessibility	LG currently has limited role, however larger LGA with responsibility for greater number of population centres would allow improved alignment of services and greater lobbying capacity.		

Review Theme		Better provided under larger LGA	Better provided under existing LGA	Largely irrelevant
Economic development and local promotion	Local economic development	Considering economic development across the broader catchment would result in more strategic and better planned outcomes, without compromise due to existing municipal borders. Larger Council also have potential to attract bigger grants from State and Federal Governments that require matching funding. Larger Councils have greater		

Review Theme		Better provided under larger LGA	Better provided under existing LGA	Largely irrelevant
		capacity to operate non-traditional council assets and operations.		
	Tourism	Considering tourism across the broader catchment would result in more strategic and better planned outcomes and would allow services which align with how a tourist sees the area.		
	Advocacy on behalf of the community		Dedicated smaller Councils may have a stronger voice in advocating for their township, however the current structure does provide challenges for advocacy by Councils for regional services such as the hospital and airport in neighbouring LGAs and liaison with businesses located across boundaries i.e., Costa's Berries	

Review Theme		Better provided under larger LGA	Better provided under existing LGA	Largely irrelevant
Finance and administration	Group purchasing schemes			No substantial impact from LGA size
	Shared service arrangements	Less need for shared services under a larger LGA		
	Rates and charges	Greater consistency and equity in rates levied on properties. Larger pool of specialist rating staff		
	Financial management	Economies of scale with staff and IT systems allow more efficient and higher quality financial management and reporting		
	Council workforce	Larger workforce means larger range of skills leading to better decision making, improved career paths and retention of staff		

Review Theme		Better provided under larger LGA	Better provided under existing LGA	Largely irrelevant
Governance, accountability and representation	Provision of information from council			No substantial impact from LGA size
	Community engagement in decision-making			No substantial impact from LGA size
	Contact with councillors about local issues		Councillors more easily accessible by the sheer fact of more representatives per head of population	

Review Theme		Better provided under larger LGA	Better provided under existing LGA	Largely irrelevant
Infrastructure provision and management	Roads and bridges	Asset management and maintenance better provided under larger LGA with economies of scale providing efficiencies and greater scope for specialist staff and systems		
	Community halls	Asset management and maintenance better provided under larger LGA with economies of scale providing efficiencies and greater scope for specialist staff and systems		

Review Theme		Better provided under larger LGA	Better provided under existing LGA	Largely irrelevant
	Parks, gardens and playgrounds	Asset management and maintenance better provided under larger LGA with economies of scale providing efficiencies and greater scope for specialist staff and systems		
	Recreation and aquatic centres, sports facilities, and campgrounds	Asset management and maintenance better provided under larger LGA with economies of scale providing efficiencies and greater scope for specialist staff and systems		
	Street lighting			No substantial impact from LGA size
	Cycle paths, footpaths, pedestrian areas	Asset management and maintenance better provided under larger LGA with economies of scale providing efficiencies and greater scope for specialist staff and systems		
	Drains and stormwater maintenance and repairs	Asset management and maintenance better provided under larger LGA with economies of scale providing efficiencies and greater scope for specialist staff and systems		
	Public toilets			No substantial

Review Theme		Better provided under larger LGA	Better provided under existing LGA	Largely irrelevant
				impact from LGA size
	Local traffic	Larger LGA has capacity to employ professional traffic engineering staff, ensuring decisions are made by those with appropriate expertise		
	Parking			No substantial impact from LGA size
	Airports, sea ports, jetties, wharves			No substantial impact from LGA size

Review Theme		Better provided under larger LGA	Better provided under existing LGA	Largely irrelevant
Land use planning and other regulatory services	Land use planning	Larger pool of specialist staff allows high quality service provision with greater expertise, flexibility to manage peak demands, coverage for skill shortages, etc. along with greater capacity for improved systems and digital services		
	Planning and building permits	Larger pool of specialist staff allows high quality service provision with greater expertise,		

Review Theme		Better provided under larger LGA	Better provided under existing LGA	Largely irrelevant
		flexibility to manage peak demands, coverage for skill shortages, etc. along with greater capacity for improved systems and digital services		
	Local heritage	Large Councils in Tasmania have heritage expertise on staff, small Council's generally don't. Amalgamation may offer that opportunity to NW, not currently available except as consultancies.		-
	Environmental protection/pollution control	Larger pool of specialist staff allows high quality service provision with greater expertise, flexibility to manage peak demands, coverage for skill shortages, etc. along with greater capacity for improved systems and digital services		
	Food and other public health standards	Larger pool of specialist staff allows high quality service provision with greater expertise, flexibility to manage peak demands, coverage for skill shortages, etc. along with greater capacity for improved systems and digital services		